WORLD ISLAMIC ECONOMIC FORUM

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PREFACE

The World Islamic Economic Forum (WIEF) is an international organization aimed at strengthening business and economic cooperation and collaboration amongst Muslim countries in the OIC as well as between Muslims and non-Muslims all over the world. This will help all Muslim communities in integrating with the global economy. The organization, founded in 2003 as OIC (Organization of Islamic Conference) Business Forum, was subsequently renamed as the World Islamic Economic Forum in 2004. The Secretariat of the Forum is located at Kuala Lumpur, Malaysia.

The *IPRI Factfile* includes a summary report of the 1st Session of WIEF held in Malaysia on 1-3 October 2005 as well as speeches and declaration of the 2nd Session held at Islamabad on 5-7 November 2006. Besides, media reports covering the 2nd Session are included.

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INTRODUCTORY

The second annual meeting of the World Islamic Economic Forum (WIEF) was convened at Islamabad on 5-7 November 2006. The meeting was attended by over 500 political and business delegations all over the 57 Islamic countries. The Forum represents over 1.2 billion Muslims the world over. WIEF is the successor of OIC Business Forum set up in 2003 and renamed as WIEF in 2004. The main purpose behind the creation of WIEF was to promote economic and trade interaction among Islamic countries. It should be pointed out here that out of 57 Islamic countries, 31 are classified as least developed and low-income countries and not even a single is considered as developed or industrialised country. Of 26 remaining countries, most are developing and only a handful can be considered as emerging economies. It is also painful to note that the combined GDP (Gross Domestic Product) of the entire Islamic countries is only US$ 42 trillion or just 5 percent of global GDP. Moreover, Islamic countries are absolutely rich in natural resources such as oil and gas by possessing over 70 percent of such resources, on the one side, there is over 50 percent poverty within the Islamic world, on the other side. Therefore, the Forum also aimed at alleviating poverty in the Islamic countries. Besides trade, investment, and the promotion of other socio-economic well being of the Muslims, the Forum would strengthen Islamic financial system. The Forum would be the 'platform for synergistic interaction among government leaders, civil society, and business players of the Muslim' *Ummah*, as pointed out by Malaysian Prime Minister Datuk Seri Abdullah Ahmad Badawi while addressing the First Annual Meeting of the Forum in October last. It is expected that the Forum would emerge as an effective catalyst for economic development in the Islamic World.

This Forum would work as the premier platform for exploring opportunities in Islamic countries, including an excellent opportunity for informal business interaction, networking, and regional consultations. The Forum would offer the opportunity of identifying and developing new partnerships in energy, agriculture, industry, trade and services and will contribute to the evolution of the global, economic, and social agenda. The Forum would help evolve strategies for creating a better understanding of business opportunities in emerging markets, integration with the global economy, participation in the global supply chain and harnessing modern technologies to mutual advantage of the Islamic countries. The Forum would aim at continuing to think and act to promote harmony in the world leading to improved business environment and better understanding among different civilizations and religions.

Efforts of strengthening economic cooperation among the Islamic countries have been stressed during the WIEF conference under the theme Unleashing the Potential Emerging Markets and Business Beyond Borders. The Islamabad Declaration asked for the establishment of an Islamic Free Trade Area (IFTA). Pakistan is one of the fastest growing economies in Asia and within the WIEF. With 166 million people, Pakistan is the second largest Islamic country along with its unique geo-strategic location as an energy corridor linking Central Asia and the Middle East with South Asia and China. Pakistan would be immensely benefited from investment offer by the Islamic countries within the fold of WIEF as the forum would facilitate business contacts between Pakistan and rich Islamic countries. It is expected that at least some spadework should be laid down before the Third WIEF meeting to be held in Kuala Lumpur, Malaysia, on 7-9 May next year in order to practically embark upon forging close and mutually beneficial economic ties within the Islamic world so as to initiate Islamic economic renaissance.

Dr Ahmad Rashid Malik
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THE WORLD ISLAMIC ECONOMIC FORUM

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SUMMARY REPORT

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Introduction

The idea of the World Islamic Economic Forum or WIEF came about from the need to enhance the OIC Business Forum series. The first OIC Business Forum was held in October 2003 in conjunction with the 10th Session of the Islamic Summit Conference. The support and success garnered at this Forum prompted the organizers to turn the OIC Business Forum into an annual event.

At the conclusion of the 2nd OIC Business Forum in 2004, a 10-point Declaration was adopted. The Declaration summarises the recommendations of the Business Forum, aimed at strengthening the business and economic collaboration between the OIC member nations.

Among others, the Declaration recommended that the OIC Business Forum series be renamed to expand the Forum in order to encourage the participation of academicians, business people, NGOs and Muslim communities from non-OIC countries. It also suggested that the Forum be a platform to facilitate dialogues between Muslim in both Muslim and non-Muslim countries. To reflect these recommendations, the Declaration proposed that the OIC Business Forum be known as the "World Islamic Economic Forum". The proposal was put forward to the Hon. Prime Minister Dato' Seri Abdullah bin Haji Ahmad Badawi, who fully supported the effort.

The WIEF is aimed to be a platform for the positive and healthy interaction between government leaders, civil society and business players for the benefit of the Muslim community throughout the world. Ultimately, the Forum is geared to be the "Davos" of the Muslim world. It will provide participants with the opportunity to:

- identify and promote business and investment opportunities
- engage in dialogues and interchange of ideas with Muslim and non-Muslim entrepreneurs
- network with leading international business executives and political leaders
- voice concerns and put forth proposals to top leaders and decision-makers in informal discussions
- update the knowledge and understanding of each country's priorities and plans for economic development
- strengthen the Muslim brotherhood while promoting viable joint-ventures and smart partnerships

In order to ensure that the issues and topics discussed at the WIEF are constantly updated and relevant, an International Advisory Panel (IAP) has been set-up comprising renowned Muslim leaders from the public and private sectors, academicians and captains of industry the world over. The Panel is responsible for providing the WIEF with expert advice and strategic direction. The WIEF International Advisory Panel is made up of:

- **Tan Sri Musa Hitam, Former Deputy Prime Minister of Malaysia/Co-Chairman of WIEF**
- Tan Sri Ahmad Fuzi Hj Abdul Razak, Secretary General, Ministry of Foreign Affairs, Malaysia / Co-Chairman of WIEF
- H.E. Aqeel A Al-Jassem, Secretary General, Islamic Chamber of Commerce and Industry / Co-Chairman of WIEF
- Mr. Allal Rachdi, Director-General, Islamic Centre for Development of Trade/ Co-Chairman of WIEF

- Tan Sri Dato' Azman Hashim, Chairman, Ambank Group
- Mr. Vaseehar Hassan, Chief Executive Officer, Dallah Albaraka (M) Holdings Sdn Bhd
- Mr. Ebrahim Patel, President, Minara Chamber of Commerce & Industry, South Africa
- Mr. Tariq Sayeed, Former President, Federation of Pakistan Chambers of Commerce & Industry
- Mr. Salahuddin Kasem Khan, President, Bangladesh-Malaysia Chamber of Commerce & Industry
- Mr. Ian Buchanan, former Chairman, Booz Allen & Hamilton (Australia) Ltd
- Mr. Tanri Abeng, Chairman & Founder, Executive Centre for Global Leadership, Indonesia
- Sir Iqbal Sacranie, Secretary General, Muslim Council of Britain
- Dr. Farhan Ahmad Nizami, Director, Oxford Centre for Islamic Studies, UK
- Mr. Mirzan Mahathir, President, Asian Strategy & Leadership Institute
- Mr. Ahmad Saleh Hariri, Director, Islamic Development Bank KL
- Dr. Abbas Sadri, Director, ISESCO Regional Office, Tehran
- Prof. Kamal Hassan, Rector, International Islamic University, Malaysia
- Ms. Attiya Nawazish Ali, Deputy Secretary General, Islamic Chamber of Commerce & Industry
- Dato' Dr Michael Yeoh, Chairman of the Organizing Committee, World Islamic Economic Forum and Chief Executive Officer / Director, Asian Strategy & Leadership Institute

Background Information

The Inaugural World Islamic Economic Forum was held in Sunway Pyramid Convention Centre from 1 to 3 October 2005. This prestigious event was jointly organized by the Asian Strategy & Leadership Institute, the Ministry of Foreign Affairs of Malaysia (Wismaputra), the Islamic Chamber of Commerce and Industry and Islamic Centre for Development of Trade. In addition, the Organization of Islamic Conference, the Islamic Educational, Scientific and Cultural Organization, the Muslim Council of Britain, the Malay Businessmen and Industrialists Association of Malaysia and Malaysia South-South Association were the supporting organizations for this event.

The two and a half-day World Islamic Economic Forum were attended by approximately 600 participants from 44 countries comprising representatives from both OIC and non-OIC countries. The Coca Cola

Company, Unicorn Investment Bank, HSBC Amanah, Islamic Development Bank, Tufail Chemical Industries Ltd, Al-Nazeer Group of Industries, Permodalan Nasional Berhad, Aziz Group of Companies, Bank Islam Malaysia, Takaful Malaysia, Citigroup, Golden Hope, International Chemplast, MNI Insurance, Petronas, Sime Darby Berhad, Sunway Group, Peremba Group, Islamic Finance News, the New Straits Times Press, Berita Harian, and OIC Today were the event partners for the Forum.

This World Islamic Economic Forum evolved from the OIC Business Forum, the first of which was held alongside the 10th Summit of the Organization of Islamic Conference. It aims to strengthen business collaboration among Muslim businessmen throughout the world, including those residing in the West. In light of the present circumstances, the World Islamic Economic Forum provides an important yet a timely platform for business interaction and networking where ideas and business opportunities can be exchanged.

H.E. Shaukat Aziz, the Prime Minister of Pakistan who officiated the Forum, delivered the Forum's Opening Keynote Address entitled *"Leveraging Economic Potential of Muslims: The Way Forward".* The Forum was officially closed by the Hon. Dato' Seri Abdullah bin Hj Ahmad Badawi who delivered a speech entitled *"Forging New Alliances for Development and Progress".*

Some of the leading personalities at the Forum included H.E Maumoon Abdul Gayoom, President of the Republic of Maldives, Dato' Seri Syed Hamid Albar, Minister of Foreign Affairs, Malaysia, HRH Raja Dr Nazrin Shah, Crown Prince of the State of Perak, H.E. Aqeel A. Al-Jassem, Secretary General, Islamic Chamber of Commerce & Industry, H.E. Allal Rachdi, Director General of the Islamic Centre for Development of Trade, Dr. Farhan Ahmad Nizami, Director of Oxford Centre for Islamic Studies, UK, Dr. Chandra Muzaffar, President of the International Movement for a Just World, Mr. Salahuddin, President, Bangladesh-Malaysia Chamber of Commerce & Industry, Mr. Majid Al Sayed Bader Al Refai, Managing Director, Chief Executive Officer & Founder of Unicorn Investment Bank, Bahrain, Mr. Ian Buchanan, Director, Southern Bank Malaysia and former Asia Pacific Chairman, Booz Allen Hamilton, Tan Sri Dato' Zeti Akhtar Aziz, Governor Central Bank of Malaysia and Dr. Ahmed Mohamed Ali, President, Islamic Development Bank.

At the end of the event, a Declaration was adopted, which summaries the recommendations of the Forum aimed at strengthening the business and economic collaboration between Muslims in the OIC and the non-OIC countries as well as between Muslims and non-Muslims worldwide. The Declaration will be transmitted to the Chairman of the 10th Session of the Organization of Islamic Conference, the OIC Secretary General and to the Chairman of the Standing Committee for Economic and Commercial Cooperation (COMCEC) and other relevant OIC institutions.

Summary of Proceedings

DAY 1
OPENING CEREMONY

Welcome Address by Tan Sri Dato' Musa bin Hitam, former Deputy Prime Minister of Malaysia and Co-Chairman, World Islamic Economic Forum. In his speech, he said that the WIEF would help promote business partnerships and economic cooperation amongst the business communities in the OIC nations and Muslim business communities in the non-OIC countries as well as with the non-Muslims. Three proposals were put forward for the Forum's consideration:

- the establishment of the World Muslim Economic Development Corporation
- the establishment of the World Muslim Education Trust and
- the establishment of the World Muslim Businesswomen Network

Special Address by Dato' Seri Syed Hamid Albar, Minister of Foreign Affairs, Malaysia. He said that the Islamic World is confronted by various challenges both internal and external that resulted in constraint to the development of our people. The ummah today need to promote economic growth by focusing on poverty eradication and employment generation, pursuing knowledge through higher education and improving health-delivery system. The government's role as a facilitator to development needs to be acknowledged and the private sector's role as the engine of growth must be encouraged. A dynamic public-private sector partnership could help build competitive edge and promote efficient use of resources.

The population of OIC countries is 1.25 billion and it owns about one fifth of land area, provides 70% of world energy and supplies approximately 40% of global exports of raw material. It is fully convinced in the principle of "prosper thy neighbour" through the expansion of investment and trade between communities and through joint concerted action to address the economic condition.

This World Islamic Economic Forum is timely as it provides excellent avenue for Muslim societies throughout the world to be represented to voice out their concerns. The Forum brings together all stakeholders to explore possible cooperation and business potentials among Muslim communities. Mutual confidence needs to be built and common ties strengthened among the Muslim societies in order to seek creative new opportunities. They must pursue with vigour broad-ranging partnership that will bring economic

development and progress. With greater cohesion and improved economic well-being of Muslim societies, peace will follow.

Special Address by H.E. Prof Dr Ekmeldeddin Ihsanoglu, Secretary General of the Organization of the Islamic Conference, read by Mr. Allal Rachdi, Director General, Islamic Centre for Development of Trade. Experience has proved that common action is the most appropriate way to solve the problems faced by the Islamic Countries. The Ummah should pool their resources together and undertake common, global and sensible action to handle the economic situations efficiently. The setting up of economic infrastructures could help alleviate poverty and develop human resources, ensure the achievement of sustainable development and face the negative effect of globalization.

The governments and the businessmen of the OIC nations were urged to help establish the Islamic Free Trade Area. The private sector is recognised as the driving force for the strengthening of trade and business relationships between the Islamic countries.

Opening Keynote Address by H.E Shaukat Aziz, Prime Minister of the Islamic Republic of Pakistan. According to the Prime Minister, it has become imperative for the Muslim Ummah to unite in order to overcome challenges facing them. To succeed, Muslims must make a realistic assessment of their limitations and assets before devising a road map towards an Islamic renaissance.

The Quran and Sunnah provide the foundations on which Islam became the beacon for enlightenment during the dark ages. In addition, Muslim intellectuals and political leaders helped change the destiny of humanity. The enlightenment of Islamic teachings provided the enabling environment for the spiritual and intellectual excellence leading to millennia of progress and prosperity. Muslims need to reflect on their heritage to draw the correct lessons for the future.

Today, the search for security has been the pre-occupations for the Muslim Ummah. They have been unable to devote their resources and energies towards the development of their countries. Their greatest challenge arises from the linkage made between terrorism and Muslims. The Ummah can negate this image and prevent people from behaving irrationally by leveraging their potential and improving their standard of living.

The Muslim countries have enormous resources and potential to succeed. The task is to translate these potentials into assets. It could be assisted with the help of education. In addition, there is a need to create enabling environment to harness the collective potential of the Muslim Ummah. Promoting economic linkages within the Muslim communities by creating opportunities could help generate greater flow of capital from within and beyond the Muslim world.

The road map to achieve the objective includes ten key factors:

- promoting greater unity and cooperation within the Muslim Ummah;
- ensuring good governance through people's participation, transparency and accountability;
- implementing reforms to restructure economies;
- improving delivery of social services;
- encouraging cooperation to share best practices;
- creating complementarities;
- sharing of financial and commodity surpluses;
- restructuring the IDB to promote investment and trade;
- repositioning of the OIC for the empowerment of the Ummah;
- creating intellectual environment for the renaissance of the Muslim Ummah.

REJUVENATING KNOWLEDGE IN THE ISLAMIC WORLD: A SHARED VISION

HRH Raja Dr Nazrin Shah, Crown Prince of the State of Perak pointed out that the new Millennium is borne on the twin forces of globalization and technology. It has made national boundaries porous to flow of people and product, and incursion of ideas.

Rejuvenation of knowledge requires the preparation of dynamic leaders and the inculcation of new ideas and new thinking. The Muslim Ummah must have a revival of intellectual and spiritual brand of Islam and willing to engage in peaceful dialogue with the world beyond. The Muslim Ummah has to place Islamic thought within a larger cultural experience.

There must emerge a respect for difference and receptiveness to ideas. The intellectual gap between the world and the Muslim nations can be bridged by a culture of openness on both sides. The road to success starts with the acknowledgement that renewal does not come from the parroting of orthodoxy but the creation of insight.

The Quranic call to understand the universe has provided early scholars of Islam the inspiration to seek knowledge and to master the sciences, whilst the Caliphs and Emirs had a profound commitment to knowledge and learning. These factors contributed to the triumph of knowledge and the sciences in the Muslim world for almost six centuries.

The decline in learning and the sciences was caused, among others, by the antagonism of some ulamas against the fundamental principles of scientific thinking. The current obstacles facing rejuvenation of knowledge consists primarily of:

- the failure of Muslim ruling elites to emphasize on science in their national agenda;
- the complacent attitude towards science in certain wealthy Muslim societies;
- the negative orientation of a section of the ulama; and
- the superficial dichotomization of science into Islamic science as opposed to secular science.

Dr. Farhan Ahmad Nizami, **Director, Oxford Centre for Islamic Studies, UK** pointed that understanding and the appreciation of Islamic history would help the Ummah to prepare for the future, particularly in the present knowledge economy.

There are numerous challenges facing the Muslim Ummah today. However, one of the greatest problems facing the Muslim Ummah is the challenge of ideas. The Muslim communities need to move away from being a consumer of ideas to the producer of ideas. In order to do achieve this, emphasis must be given to education particularly in respect of science and technology as well as humanity and social sciences.

Dr. Chandra Muzaffar, President of the International Movement for a Just World added that in order for Muslims to overcome the obstacles in the rejuvenating knowledge, they should adopt several approaches. Muslim Governments and like-minded non-Muslim governments should challenge the restrictions imposed by some powerful developed nations. Muslim NGOs should also persuade their governments to accord highest importance to science and education. Ulamas should be made to understand what science is and why the spirit of inquiry is in harmony with Islam.

REALIZING BUSINESS AND ECONOMIC OPPORTUNITIES: CHALLENGES AND PROSPECTS

H.E. Aqeel A Al-Jassem, Secretary General of the Islamic Chamber of Commerce and Industry said that the private sector of the Islamic world is unable to move freely among the OIC countries despite having genuine desire to invest. Intra-OIC trade has remained between 10 to 13 percent of total OIC trade. With the WTO agreements coming into force, the private sectors in the Islamic countries need to make their products cost-effective to be successful on the 'export front'.

The Islamic Chamber of Commerce and Industry will focus on four strategic pillars to achieve the objective of overall economic development

namely labour, promotion of tourism, enhancement of intra-OIC trade and creating awareness on investment and development opportunities.

For this purpose, the ICCI proposes the following:

- effective application of ICT in the collation and dissemination of updated information;
- strengthening the tourism industry;
- tapping the vast unskilled and semi skilled labour market by providing training and fostering linkages;
- seeking financial institutions to sponsor projects of the private sector;
- establishing a consultancy company to undertake feasibility studies of projects at OIC level and presenting it to the business community.

The idea of having a regional and sub-regional cooperation between OIC member states is deemed a priority for achieving intra-Islamic commercial and economic integration. There are no concrete frameworks existing among the OIC member states with the collapse of the Cancun talks. Instead, there has been a surge of FTAs. The Islamic countries must have their own set of FTAs as leverage when negotiating with the European countries. In the initial phase, two or three OIC member states may initiate the move and other nations may gradually be included in stages.

Mr. Salahuddin, President, Bangladesh-Malaysia Chamber of Commerce & Industry informed that it has been proposed that the creation of the South East Asian Cooperation (SEACO) will result in integration among the participating states with the support of the private sector. The cooperation will remove impediments to cross border investments, facilitate FDI within the OIC and provide viable framework leading to greater interaction between the public and private sectors prompting the OIC countries to explore their complementarities in trade, investment, labour and technologies

Mr. Majid Al Sayed Bader Al Refai, Managing Director, Chief Executive Officer & Founder of Unicorn Investment Bank, Kingdom of Bahrain said that Islamic finance is based solely on the principle of the transfer of an asset from one party to another thus eliminating the need to give cash. This will provide control over money laundering and terrorism financing and the abolition of the 'money velocity' concept.

There exists a need to revolutionize the Islamic capital markets. The private sector must take an active role in this process. Although the number of Islamic banks and their profitability have jumped over the past five years, the growth in Islamic capital markets remains unsystematic and lacks vision and coordination. Muslims have billions in capital locked up in assets that can be

securitized to help build infrastructure in the Islamic world. It could also help finance massive growth potential in consumer products.

Securitization of assets should be the next big move and unlocking this value is a major opportunity. Holding Islamic bonds based on assets may mean lower prices, but the assets provide security to cushion the fall. Islamic financial products will help western fund managers introduce competitive lower risk products and source new markets. Unlocking hidden wealth from asset securitization and extending housing finance will lead to new wealth and ownership at an unprecedented scale.

Mr. M Macky Hashim, President of SAARC Chamber of Commerce said that the SAARC region consists of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. It is home to nearly a fifth of humanity and endowed with vast natural and human resources. The South Asia countries have emerged as one of the fastest growing regions in the world today. The governments in the region recognize that the private sector is the engine for economic growth and are conscious of the need to make SAARC countries both attractive and rewarding for potential investors.

Trade liberalization alone is not sufficient for expansion of trade and investment. There is a need to speed up arrangement for trade facilitation and investment and the upgrading of infrastructure. The private sector plays an important role in the endeavour to expand trade and commercial links to accelerate growth in the region.

According to **Mr. Ian Buchanan, Director, Southern Bank Malaysia and former Asia Pacific Chairman, Booz Allen Hamilton**, lessons that OIC countries could learn from the success stories of Asian countries may be summarized as follows:

- The need to have leadership and commitment coupled with vision. The successful Asian nations that have earned their way out of poverty have given their people hope of a better life. They were led by men who were motivated by compassion and desire for international respect. They have made economic growth and development a national priority.
- Establish a development agenda or blueprint to distinguish between desired 'outcomes' from the 'means'. This agenda should go beyond the lifespan of any political duration.
- Establish enabling institutions that can harmonize trading and investment regulations, common systems of standard and mechanisms for accelerated sharing of best practice.

SPECIAL PRESIDENTIAL ADDRESS: PROMOTING TOURISM FOR DEVELOPMENT: THE MALDIVES EXPERIENCE

H.E Maumoon Abdul Gayoom, President of the Republic of Maldives said that tourism is the biggest global industry employing around 200 million people and accounting for over 4% of the world's GDP. It is also the number one export earner generating international receipts over US$500 billion. Hence, tourism demonstrates potential for reducing poverty and fostering progress towards the attainment of the Millennium Development Goals. It has considerable potential for fostering economic and social development.

Tourism has grown in the Maldives and contributed to the development of the country. Starting with the first group of 22 Italian tourists in February 1972 who stayed in residential homes, Maldives now has some excellent resort hotels many of which are rated 5-star for luxury and service. By 2004, the arrival of tourists had exceeded 600,000 and bed capacity was 19,500. The country has attained the reputation as one of the world's most popular destinations amongst tourists from Europe and East Asian Countries.

To achieve this goal, several key policies were earlier established to negate impacts from high level of import and export leakages, inflation, overdependence on tourism and erosion of local culture. Among the measures undertaken to ensure a planned and sustainable development of the tourism industry was the introduction of a ten-year master plan in the early 1980s. Apart from enhancing the gateway to Maldives, the government's other priority was to ensure that tourism developed with dignity without compromising the religion, culture and traditions of the community.

As the Maldives approached the end of a second successful ten-year tourism master plan, the strategies and priorities were re-evaluated to focus on enhancing the development of the sector to enable it to contribute more towards achieving its national Vision 2020. Every effort is taken to ensure that the industry is developed to the standard of international best practices. The Maldives has acquired crucial expertise in the development of tourist resorts in an ecologically friendly way where protection and preservation of the natural environment are given high priority.

The sector has provided a regular source of income for the public sector and this revenue has allowed the government to expand and improve all social services particularly in the areas of education and healthcare. The country's per capita income, which was less than US$300 in 1978, has reached US$2,400 at the end of last year (the highest in South Asia). The functional literacy rate now is nearly 99% and universal primary education was attained in 2000. Infant mortality has come down from 120 per thousand to 14 while life expectancy increased from 48 years to 71 years. Clearly, the importance of tourism industry to the Maldives cannot be overlooked.

SPECIAL LUNCHEON ADDRESS: MALAYSIA'S METAMORPHOSIS INTO AN INTERNATIONAL ISLAMIC BANKING HUB

Tan Sri Dato' Dr. Zeti Akhtar Aziz, Governor Central Bank of Malaysia said that in evolving the Islamic financial system, important considerations include the development of a system that is able o meet the changing requirements of the consumer and business community. These considerations are vital to ensure the sustainability of the system not only as a form of financial intermediation in the domestic economy but also as an integral component of the international financial system.

Great attention is given to developing the structural components of the Islamic financial system such as Islamic banking, Takaful and Islamic money market to ensure the efficiency of the overall financial system.

Malaysia's experience in Islamic finance started with the establishment of Lembaga Tabung Haji, followed by the incorporation of Bank Islam and later Takaful which offer pure Islamic products. The system gave rise to the total separation of Islamic and conventional funds to ensure legality of the transactions. However, Islamic finance can still tag along with the conventional system.

Since 2000, Islamic Banking has witnessed tremendous increase in volume thus playing a more significant role in the expansion of Islamic finance in the country. The Islamic money market was further developed to provide a channel of liquidity by the Central Bank. These systems are supported and supervised by the Legal and Shariah Committee to ensure due compliance of the Islamic instruments and conduct of Takaful with the principles of Shariah. The advisory council acts as the sole authority to oversee Legal and Shariah activities.

The system is continuously being upgraded to ensure efficiency. Attention is also given to the management and development of human capital and innovation of the Islamic product offered. Now, Malaysia has become known as an international Islamic financial hub with an integrated Islamic financial system.

Malaysia has also expanded its Islamic financial services abroad by promoting Takaful business among OIC member countries and introducing Sukuk or Islamic bond in 2002. Among the key challenges for Malaysia are:

- To have a pool of professionals
- To develop a range of products and services catering to the need of the industry

- To have strong and well established Islamic Financial Institutions able to finance projects in a large scale
- The need to formulate a master plan for Islamic financial services.

SPECIAL KEYNOTE ADDRESS: FOSTERING SOCIAL AND ECONOMIC DEVELOPMENT IN THE ISLAMIC WORLD: THE CHALLENGES AHEAD

Dr. Ahmed Mohamed Ali, President, Islamic Development Bank informed the forum that many countries are facing economic and social challenges emanating from domestic and external pressures. To the relatively less advanced and less competitive economies, the biggest challenge is that of globalization. However on the positive side, globalization has brought about an impressive increase in trade and investment flows, technological progress and economic integration.

In this regard, OIC member countries must keep pace with the "digital revolution". The use of modern technology has become a determining factor in industrial development. However, compared to other developing countries, the Islamic world is still lagging behind.

For the past few years, OIC member countries have been affected by extra security costs and various limitations on the movement of people and capital. The political instability in some countries has had negative implications on other OIC nations as they face growing restrictions to modern technology and higher education. In addition, the flow of FDIs to the OIC countries has declined and this has resulted in constraint of funds. There is great challenge in finding external resources to finance their development requirements.

Poverty, low development and unemployment are among the major challenges facing the Ummah. As unemployment is multidimensional and affects countries individually, a group effort could be made at different levels to address it more effectively. Appreciating the causes of poverty and determining the benchmarks to be achieved within a specific timeframe are essential steps to this end. Improving the quality of education and establishing specialized universities and institution of higher learning especially in science and technology are crucial in helping to build the human capital.

There is a need for economic reforms in different areas of economy. OIC nations need to improve their investment climate and provide adequate infrastructure to ensure sustainable economic growth. Intra-OIC trade and investment could be increased with the following action plan:

- Initiating long term policies to lower the barriers of intra-trade and investment

- Supporting each other in international forums to help strengthen collective bargaining position
- Strengthening cooperation among specialized institution to promote micro-finance, SMEs and regional programmes
- Encouraging cooperation between financial institutions to allow the sharing of experiences and support of projects that have cross-border impact.

For cooperation on poverty reduction, attention needs to be focused on:

- Exploring means of mobilizing additional resources
- Coordinating poverty reduction strategies
- Exchanging experience in the use of Zakat and Awqaf fund in member countries
- Sharing experience in reforming the rural and traditional sectors of the economy and integrating them in the national economy.

Some of the efforts that would help promote positive perceptions about Islam may include:

- Launching a concerted campaign to reflect the true nature of Islam as a religion of peace, tolerance and respect for life and calling for constructive dialogues
- Training people who would enter into inter-cultural dialogues
- Establishing specialized centers that would call and lead the efforts for constructive dialogues with the west that could help disseminate information regarding Islam's true mission and help address misperception.
- Utilizing the support and cooperation with the media in OIC countries to explain about Islam and thwart likely misconception.

KEY INGREDIENTS TO ECONOMIC SUCCESS

According to **Prof. Dr Atta-ur-Rahman, Federal Minister/ Chairman Higher Education Commission of Pakistan/Coordinator General of OIC's Standing Committee on Scientific & Technological Cooperation (COMSTECH), t**he Pakistani government has been making serious efforts in providing access to quality higher education. The government believes that the wealth of the nation depends in the enrichment of the Pakistani children through high quality education. Incentives such as productivity allowance, tenure track system, research funding, tax reduction scheme and salary incentives have been put in place to attract expert minds

into research. Eradication of poverty does not come only with economic activities but also with the empowerment of its people with knowledge and education.

Mr Arjuna L Mahendran, Chief Economist and Strategist, Asia Pacific, Credit Suisse First Boston, Republic of Singapore also added that there is a need to make education relevant - by 'marrying' technology with the need of the nation and by providing a conducive environment. The Islamic world has a total deposit in excess of US1.5 trillion compared to US5 trillion in private banking. Thus, Muslims command substantial leverage. The challenge now is to devise a strategy that could help channel the resources to finance development.

In addition, **Mr. Stephen B Young, Global Executive Director of Caux Roundtable** stated that social capital such as values, principles, institutions and social habits, is the key to all economic success. The formation of such social capital is consistent with Quranic teachings of Islam. Economic development is a secondary phenomenon, which follows upon certain preconditions. Countries having access to such conditions will develop economic power while those who cannot put the conditions in place do not develop economically.

It is the soft variables of social capital that drive human manipulation of hard economic variables. Hence, to master the hard variables of economic development, Muslims have to assess the potential of these soft variables and subsequently to apply those values to achieve equitable economic development.

ARAB-ASIA-AFRICA DIALOGUE
ARAB-ASIA-AFRICA SYNERGY: OPPORTUNITIES FOR ENHANCED BUSINESS AND ECONOMIC COOPERATION

H.E Zainul Abidin Rasheed, Minister of State, Ministry of Foreign Affairs, the Republic of Singapore stated that the people of the three regions have long known each other. With globalization, the ancient links is being reestablished. The rationale for greater cooperation is compelling as the regions form 73% of the world population with a combined GDP of US9.3 trillion coupled with abundant natural resources. The regions are experiencing fast growth. Positive changes in the regions provide new investment opportunities. The Middle East is looking for alternative investment opportunities while Asia and Africa are looking for new investment partners. As the Middle East and African nations develop their

domestic economies, they can tap on the developmental experiences and economic opportunities in Asia without reinventing the wheel.

Mr. Oumar Sylla, Secretary General, Ministry of Economy and Finance, Republic of Senegal pointed out that East and South Asian countries are major markets for Africa's primary commodities. Exports from Africa to Asia are growing faster than that of any other regions. Complementarities also exist with the Middle Eastern's demand for Asia's expertise and professional services.

Three steps have to be taken to facilitate greater economic and business cooperation:

- governments should negotiate more FTA's;
- willingness to venture into new markets to develop closer business links;
- continue to build more bridges to promote greater understanding among the regions.

Mr. Claude Juimo Monthe, President, Chambre de Commerce, d'Industrie, des Mines et d'Artisanat due Cameroun & Vice President, Islamic Chamber of Commerce & Industry stated that there exist constraints in communication. First, Economic Attaches in Asian nations need to be more energized. The second constraint is the shipping and transportation lines. The creation of shipping lines and routes will help decrease the cost of transportation. Though the three regions witnessed a lot of cooperation, they are not synergistically connected. Corporations including insurance companies are encouraged to provide investment guarantees under the auspice of the Islamic Development Bank.

Most African nations depend on commodities but there is a need to improve capabilities. African-Asian cooperation is hoped to enhance production capacity in Africa. Events in recent years saw a change in focus as the European Union being replaced by Asian nations as a source of FDIs. Islamic Development Bank's statistics show that the exchange between African and Arab countries has been modest. It is believed that the enhanced cooperation between the regions will bring more benefits.

Mr. Ebrahim Patel, President, Minara Chamber of Commerce & Industry, South Africa added that the challenge now is to liberalize trade barriers within the regions. The business communities have to request their governments to go where they desire to conduct trade and investments. Businesses should lead the government to where the market is and ask their governments to commence negotiations to liberalize tariff and trade barriers. Additionally, governments should also invest in social reforms and infrastructure development.

DIALOGUE WITH THE EU: COLLABORATING WITH THE NEW EUROPE

H.E. Enver Surty, Deputy Minister of Education, Republic of South Africa states that South Africa has been receiving contributions from the EU to help provide adequate housing, water and electricity to its people. The ANC in particular has been receiving donations from the European Union in the reconstruction of South Africa. In turn, South Africa has taken the responsibility and has played a role in the settlement of various conflicts in other African countries.

Sir Iqbal Sacranie, Secretary General of the Muslim Council of Britain added that for Muslims in Britain, the endeavour to collaborate with the new Europe must be within the ethical values of Islam. All parties must work in partnership for the pursuit of the betterment of humanity. To this end, British Muslims have to secure better discourse with the EU as the expansion of the latter will provide huge opportunities for trade as well as political, religion and cultural dialogues. A more frequent interaction could help foster better relationship and understanding of Islam as well as serve as a platform for influence.

The development of Islamic banking in Europe is also encouraging as non-Muslims are now more interested in knowing the products as evidenced by the establishment of the Islamic Bank of Britain and the European Islamic bank.

Mr. Cemalettin Damlaci, Director General of European Union Affairs, Undersecretariat of the Prime Ministry for Foreign Trade, Turkey related that the European Union was initially set up to cater for the economic requirement of the European continent. In respect of effective collaboration, Muslims have a lot to learn from the EU especially its role in the GATT and WTO negotiations. Turkey has a unique arrangement with the EU since its accession into European Community in 1963.

As the world's most stable economy, it could absorb the shock of an economic turmoil. This is due to the fact that the EU has undergone various programmes to ensure an organized market and put in place proper legal framework.

Prof. S. B. Hassan, President & Chief Editor, Investment & Marketing International, Islamic Republic of Pakistan stated that the European Union has grown from its insignificant beginnings, but still facing some challenges and obstacles, which have to be overcome by the EU in order to command the respect of its peers. Though the EU is now a supranational power, its troubling issues need to be resolved in order to ensure that the

integration movement is smooth. For members of the Islamic world, it is important to collaborate with the EU in order to derive the benefits through the transfer of technology, strengthening economic and trade ties and attracting European FDIs.

DAY 2
SPECIAL MINISTERIAL SESSION

H.E. Dr. Sri Mulyani Indrawati, Minister of State for National Development Planning & Chairperson of the National Development Planning Agency (Bappenas), representing the President of the Republic of Indonesia informed the forum that the Indonesian Government has put up concrete plans for the next seven years to help reduce poverty. The recent recession has put Indonesia into difficult times with current unemployment standing at 10%. The government is targeting to reduce it to 7%.

Over the last 35 years Indonesia has been achieving consistent growth. However, in recent years it was difficult for Indonesia to experience economic growth. The emphasis now is on the quality of growth targeted at 6.7% over the next five years. As a strategy, the Indonesian government will emphasize on human development and will attempt to reduce economic disparity. However the plan was met with two initial shocks. The first shock was the effect of the oil price increase while the second shock was the tsunami in Aceh.

Indonesia strives to provide employment to its people by attracting foreign investments, boosting exports and the provision of proper environment for businesses to prosper. The challenge now is on the sustainability of Indonesia's fiscal policy. The national budget is a healthy one aimed at reducing the national debt that currently stands at 15% of GDP. It is relatively higher compared to other Asian nations. The government aimed to reduce it to 13% of GDP. This has put some constraints on the budget.

The government's development challenge also includes the need to improve the living conditions for its people. This would entail more investments in education, health and infrastructure development. As consolidation in budget takes place, the investment in these areas proves to be a challenge for the government.

Though Indonesia is a net importer, it still produces oil for world market. The government has decided to reduce the oil subsidy and channel the subsidy to improve the quality of life for its people, optimizing development and reducing economic disparity. The government also aims to reduce

unnecessary burden of the businesspeople by reducing the cost of doing business in Indonesia through the reduction of tariff, permit and bureaucratic hurdles. This would help compensate the business community affected by the increase in oil prices.

Traditionally, Indonesia's economic policy is based on the utilization of its natural resources. Several decisions made by the provincial governments under the country's decentralization efforts have resulted in the shortage of investment. The Federal Government had to overturn some of these decisions and abolish the redundant regulations made by the provincial officials. The government is also working towards providing more certainty in decision-making that will help attract more investments in labour intensive industries.

H.E. Dr. A. Moyeen Khan, Minister of Science and IC Technology, Bangladesh stated that the Middle East countries have invested approximately US 1 trillion in the West and it would be difficult for them to withdraw these funds. It would be good if these funds could be channeled into the least developed countries to help finance viable projects.

Under the WTO arrangements, Bangladesh has been allowed free import of all items. The import of petroleum into Bangladesh accounts to 60%-70% of total import. This scenario provides an appropriate basis for the possibility for nations to work together to alleviate the difficulties faced by the poorer importer Muslim nation. In addition, the restrictions imposed by the western countries on agriculture sector are also hurting the Bangladeshis. The real issue now is not free trade but rather fair trade.

Most poor countries have been given a set of conditions by lending institutions that must be followed. It is rather questionable whether the fulfillment of these conditions could reduce poverty. Hence, there is no good rationale why Muslim nations could not explore free trade among themselves. In the oil issue, there is equally no reason why poorer countries within Islamic nations cannot be given certain advantages and not be required to pay the market prices of US 65-70 dollars a barrel.

H.E. Enver Surty, Deputy Minister of Education, Republic of South Africa pointed out that oil and gas is a part of the energy economic sector that contributes to approximately two thirds of the global economy. Any sharp increase in prices will have direct effect on the economic ability of nations. Middle Eastern countries have two thirds of the world's oil reserves. The United States depends on Africa for 16% of its oil requirement. South Africa has sources in hydropowers but still has a duty to produce clean energy. This calls for the exploration of renewable source, human development and expertise. The duty to provide fuel creates opportunity to provide clean energy.

South Africa produces 40% of gold worldwide. This creates opportunities in manufacturing, designing and retailing of gold. South Africa hereby makes an open invitation to jointly exploit this possibility.

Mr. Allal Rachdi, Director General, Islamic Centre for Development of Trade, Morocco stressed that the idea for having a trade corporation is because trading Muslim nations want to have trade a preferential system based on these approaches:

- the establishment of a free trade area,
- to adopt ministerial confirmation,
- the adoption tariff for OIC country and
- the establishment of an Islamic common market.

UMMAH INITIATIVE IN GLOBALIZED ECONOMIC ENVIRONMENT

Dato' Mohamed Iqbal, Secretary General, ASEAN Business Forum stated that governmental effort and private philanthropic works have to some extent overcome the problems of poverty and lack of motivation among the Ummah. Proper initiatives must be carried out by the Muslim communities for the wellbeing of the Ummah. Therefore, an Ummah Foundation is proposed to be set up to provide a mechanism to assess and define the challenges faced by them and to outline and implement the solutions for the upliftment of the Muslim socieites. The foundation should focus on ten key areas: poverty eradication, education, empowering women, enabling youth to become goal oriented, basic healthcare, inculcating entrepreneurship, promoting science and innovation, eliminating the digital divide, promoting ethical values and appreciating civilisational trends.

Mr. Saif Ahmad, Founder and Chief Executive of Faith Regen UK shares that the Ummah initiatives are necessary as the communities are divided, fragmented and marginalized. Muslims are three times more likely to be unemployed, remain in prison and live in impoverished areas. Muslims cannot live in isolation and have to recognize that they live in a global environment thus necessitating the need to share their values ethics and entrepreneurship with the wider community. Muslims need to participate in mainstream activities to improve their lot, enrich their society and help create a caring and tolerant world. Muslims must refuse to be victims and must empower the Ummah to change the world.

PARALLEL SESSION A
OPTIMIZING INTELLECTUAL AND HUMAN CAPITAL: COMPETING SUCCESSFULLY IN THE GLOBAL KNOWLEDGE ECONOMY

Dr Abbas Sadri, Director of ISESCO Regional Office, Tehran, Iran pointed out that the Muslim world is witnessing a paradigm shift. Knowledge has become the main driving force of world economy. New technologies have emerged requiring the inculcation of generic skills in the new workplace. Knowledge-based economy is key to higher standards of living. Poverty on the other hand is a result of lack of knowledge.

Science and technology has become an engine for creating and driving knowledge and the lack thereof may undermine the success in knowledge-based economy. In future, Muslim nations could become more ignorant and will lag further behind in the knowledge-based economy leading to the lack of impetus for growth.

Therefore, Islamic countries should promote science and technology by adopting strategies to acquire knowledge and the communication thereof. A national system of innovations should be put in place to assimilate this knowledge for local adaptation. Targets may be achieved by intensifying utilization of new knowledge, promotion of human resource, building foundations for an effective education system and providing stimulating working conditions. The pervasive use of ICT creates a driving force for productivity and wage growth. Digitization brings the economic benefits that equaled mechanization brought in the 20th Century. Fostering the growth of digital economy must be one of the foundations of the economy-based policy.

Prof. Dr. Hj. Ismawi Hj. Zen, Deputy Rector (Research and Innovation, International Islamic University, Malaysia stressed that in the changing environment of globalisation, people has become the main factor for production. Other factors of production like land, labour, capital and efficient use of resources including ICT will determine market share and the speed of economic progress.

Muslims have to stop from being consumers to becoming producers for products, ideas and technologies. They should also leverage on their natural resources. Knowledge should be shared among universities across the Muslim world. New knowledge and sustainable research skills should be undertaken through corporations owned by Muslims.

Recommendations:

- Bring realization to the ground and cultivate a culture of excellence among the populace. Our educational system must create a culture of reading and knowledge seeking.
- Emphasis on education by providing graduates with global outlook, globally competitive skills etc and enhanced public funding.
- Women's education and making women partners in nation building.
- Investment in R&D, ICT and Brain Gain;
- Turning spiritual capital into an asset in the true spirit of Islam.

Mr. Mukesh Aghi, Chief Executive Officer, Universitas 21 Global Pte Ltd, Singapore added that the education gap between nations has to be reduced in the face of globalization. However, nations would be constrained by time to build universities. Sending students overseas is also not a good solution due to inadequate number of professors. This calls for a radical change to overcome the challenge. 'Disruptive Innovation' calls for innovations that provide simple solutions to settle problems. In this respect, a consortium of top universities is formed to bring education to the students.

PARALLEL SESSION B
PUBLIC-PRIVATE SECTOR SYNERGY: LEVERAGING SCIENCE AND ICT FOR ECONOMIC DEVELOPMENT

H.E. Dr. A. Moyeen Khan, Minister of Science and IC Technology, Bangladesh remarked that there is overwhelming evidence that high performance in ICT sectors drives overall economic competitiveness. There is also strong evidence that high performance in this sector correlates with a competitive regulatory framework. Global trends are also increasingly placing significant premium on the rapid transition to pro competition development. A strong network in communications and e-commerce suggest significant advantages to countries that move early.

Mr. Ian Buchanan, Director, Southern Bank Malaysia & former Asia Pacific Chairman, Booz Allen Hamilton said that the OIC countries would need a boost from their communication sector to avoid the "nutcracker" effect getting stuck in the middle between countries with competitive advantage like China and India and those with successful economic development like Japan, Australia, Korea, Taiwan and Hong Kong.

There are seven top arguments against competition as follows:

1. "Convergence" has arrived where pro-competition is not required
2. Major stake holders will suffer
3. The National champion must be protected so it can compete internationally
4. Full competition already exists where more than one carrier already licensed
5. Universal service will suffer with the poor and rural failing of the network
6. Local tariff rebalancing is necessary to encourage new entrants but politically impossible
7. De-regulation should mean less regulation so pro-competition is to be avoided.

These arguments need to be challenged in order for the nations to improve economic competitiveness. In practice, convergence is not yet being promoted where competition, and not monopoly, is the driver of its rapid emergence. The major stakeholders of the ICT sectors can in fact "win' with competition if they commit to compete. Major effort is also required to implement pro-competition regulation prior to complete de-regulation. However on top of those factors, the challenges need to be undertaken through a transparent based process.

Datuk Dr. Mohamed Arif Nun, Chief Executive Officer, Multimedia Development Corporation Sdn Bhd stated that the Malaysian experience in developing ICT is very useful for the OIC member countries. Multimedia Super Corridor's (MSC) strategy was designed to drive economic performance of the country especially to enhance domestic productivity. Malaysia is fully aware that ICT can make the development programmers more effective and MSC has been successfully developed to bring ICT benefits to the community. Muslims need to act very fast to seize opportunities through ICT because there is no way to succeed or to move forward without ICT.

SPECIAL LUNCHEON ADDRESS: ISLAMIC RENAISSANCE: TRIUMPH OVER THE ODDS, SYNERGY IN ACTION, PROGRESS FOR ALL

The Hon. Tun Dr. Mahathir Mohamad, former Prime Minister of Malaysia stressed that Islam is a religion of peace. However, all Muslims now feel that their religion is being humiliated and trodden upon. The great Islamic Civilization that was once built went into decline. But the religion continued to be the faith of an ever-growing number of believers. Among

these Muslims there seem to be a yearning to recapture the great glories of the past.

Some Muslims believe there is already been a renaissance by looking into the resurgence of faith. But Islam covers every aspect of life. There are Muslims that are the most backward people and their faith has been made synonymous with terrorism. The speaker stressed that most Muslims are backward and oppressed because they have not made efforts to overcome their backwardness and to fend off oppression.

To equate Islamic Renaissance with the revival of their material achievements during the glorious period of the Islamic Civilization besides their spiritual purity, the Ummah have to reinterpret "Iqra" or Read to mean acquisition of all knowledge. Muslims need to catch up with the new knowledge accumulated by the Europeans and others along with their technological skills. It is entirely possible for the Muslims to achieve the rebirth within a reasonable short space of time if they do the following:

1. Return to the Islamic concept of Ummah. This means that the wealth actually belongs to Allah and the rich are merely the custodians can then be deployed to all the members of Muslim Ummah.
2. This deployment should be through investment in needed infrastructure in the countries unable to finance them.
3. The rich Muslim countries should develop human resource in the heavily populated poor Muslim countries. Schools, universities and skilled training institute should be set up and a generous number of scholarships should be provided to produce educated and skilled human resources who can work in their own countries.
4. Muslim countries with the ability to do so can invest in industries in countries with big populations.

For the renaissance to be meaningful, Muslims must preserve their religion and culture particularly their moral values. Muslims must reject the moral values that follow the decadences of the developed countries of the west. A Muslim renaissance will not lead to violent attempts at mass conversion, but instead, prosperous Muslims could help progress the world.

THE EMERGING POTENTIAL OF MUSLIM WOMEN IN THE 21ST CENTURY

H. E. Dr. Ma'asooma Saleh Al Mubark, Minister of Planning & Minister of State of Administrative Development Affairs, Kuwait stated

that the status of women is limited by customs and discriminatory laws. They have limited access to education and employment. They are also forced to pay higher costs for social acceptance. Under Islamic law, Muslim women are guaranteed equality of rights and access. It is thus, unfortunate that many are constrained by age-old social customs.

Despite attaining proper education and gaining employment, some women still suffer discrimination even at the workplace. Women are also under-represented in politics. The UN has taken steps to alleviate or eliminate any discrimination against women including the general agreement endorsed by most Muslim countries. It is therefore, necessary for women to voice for change.

For Kuwaiti women, their struggle for political rights bore fruit on 16th May 2005 when the Kuwaiti government granted full political rights to women and appointed a full cabinet minister and several women to be members of municipal council. The challenge however is to create an awareness in the community on the importance of carrying out their political roles, in a society steep in family traditions and tribal allegiance.

H.H. Dr. Sheikha Hissah Saad Abdulah Salem Al-Sabah, Vice Chairperson of the Women Affairs Committee and Chairperson, Arab Businesswomen Council, Kuwait stated that the Arab Businesswomen Council was formed in 1999 to support businesswomen technically and financially. The main aim was to provide networking connections for Arab businesswomen. A business association for businesswomen was later established. With the patronage of His Highness Prince Talal, the Council seeks to empower women within the private sector. The Council has been successful in removing taxes imposed on goods produced by women.

According to **Dato Dr. Norraesah Mohamed, Chairman, Alcatel Network Systems (M) Sdn Bhd,** women are assets to socio-economic national development. As women form half of the world and the total Muslim population, they are a key factor in production and can effectively contribute towards the building of national economy. Setting aside the contribution by women will deny many nations the productive half of available labour force. In knowledge-based economy, innovation is the key – thus women may work and operate from the house. Women should think less of the barriers and more of opportunities.

Ms. Parvin Ali, Founder Director, the FATIMA Women's Network, UK stressed that women should draw lessons from the wives and daughter of the holy Prophet Muhammad (pbuh) who have demonstrated individual skills in business and trading, mediation and conciliation, and reaching out to the followers of the faith. The duties were discharged whilst being exemplary wives, daughters, mothers and practitioners of the faith. Thus women should be assured that they could contribute more actively to the economy of the society.

By being economically empowered, women are more likely to be valued and given more significant roles in influencing decisions affecting key issues. The process of being economically empowered makes women aware of the dynamics of society and the environments to become better citizens.

It is unfortunate that in the UK today, the most deprived communities in terms of education and employment are the Bangladeshi and Pakistani women. The FATIMA Women's Network was set up almost two years ago to support all women to be economically empowered either through employment or enterprise and the three key issues cited as being critical are communication, capacity and communal space.

Ms. Rukhsana Jahagir, Chairperson, Women Entrepreneurs Committee, Federation of Pakistan Chambers of Commerce & Industry pointed out that no nation can progress without the active participation of women. Women formed a majority of the small micro enterprises in the world. However, women statistics in the Muslim world is either inaccurate or unavailable. Female literacy is 50% of male illiteracy. Females are paid half as compared to their male counterparts.

Among the major issues for Pakistani women is the limited access to resources. Efforts have been made to extend micro credit to women entrepreneurs through First Women Bank Ltd. Micro credit is important to generate economic activities at the lower level. Many have taken up trading at weekly markets and have become economically independent and have been able to contribute to the family's economic growth.

The challenge now is to expand the national economy with the inclusion of women. The President of Pakistan has given full rights to women and full access to facilities to businesswomen.

STRATEGIC PARTNERSHIP AGAINST POVERTY: BREAKING ITS VICIOUS CYCLE

According to **Mr. Kazi Mahbub-Al Matin, Lead Economist – South East Asia of the World Bank,** the organization was established to reduce poverty. The last 20 years have seen 400 million people moved up and out of poverty. Malaysia is a showcase of reduction of poverty. Factors that contributed to reducing poverty are:

1. Growth and sustained rapid growth. It might come from export and private investment growth.
2. Such growth must create opportunities and jobs.

3. Ensure that the poor have access to jobs – by providing education to the masses and proper healthcare services.
4. There must be policies for reforms that facilitate private investments and export.
5. Public expenditure choices has to be undertaken properly by the government particularly those that relate to infrastructure and education.

The World Bank supports the governments' agenda to reduce poverty by providing support to them in developing strategies. It will ensure the inclusion of the private sector and the poor during consultation and formulation of strategies. Once the policy stage is done the World Bank will support through analyses and data gatherings, financial support (including for policy reforms) and guarantees.

Tan Sri Dato' Hamad Kama Piah Che Othman, President & Group Chief Executive, Permodalan Nasional Berhad said that Malaysia has established a few agencies such as the Council of Trust for the Indigenous People (MARA), the National Corporation or PERNAS as well as National Equity Corporation or Permodalan Nasional Berhad (PNB) to facilitate the Government's restructuring plan in line with the New Economic Policy which was formulated in the 1970.

The main objective of PNB is to evaluate, select and acquire a sound portfolio of shares in limited companies with good potentials. The shares are acquired through purchases in the open stock market and from institutions. PNB will act as a warehouse whereby shareholdings in the acquired companies are placed in a trust fund and subsequently sold to Bumiputera individuals in the form of unit trust scheme introduced by PNB. It acts as the national Bumiputera company that has social functions and special Bumiputera Institution to achieve the Government's distributional and restructuring objectives. Hence, PNB must be run on commercial lines with strong management team and clear guidelines.

PNB has helped Malaysia experience rapid economic expansion during the past four decades. This in turn has provided stability to the multi-racial, multi-religious and multi-cultural country. These successes have been acknowledged by many quarters including the World Bank and the Asian Development Bank. Essentially the Malaysian Government's "growth with equity strategy' is based on the Islamic principle of social justice and equality, particularly in the distribution of wealth and restructuring of society and the enhancing of the economic status of the Ummah.

Dr. Richard Leete, Resident Representative UNDP Malaysia, Singapore & Brunei Darussalam remarked that the Malaysian experience is in line with the recommendations of the United Nations Millennium Project that stressed good governance. Malaysia's political stability, pragmatic social and

macroeconomic management and commitment to development have been crucial in its economic success.

Investment in human capital especially in health, education and women empowerment as well as physical infrastructure is another hallmark of the Malaysian model. In its quest to become a fully developed country by 2020, Malaysia is moving towards becoming a knowledge and technology-based economy with increasing commitment to tertiary education, science and R&D.

DAY 3
CLOSING CEREMONY

H.E. Assane Diagne, Minister of Planning and Urban Development, Republic of Senegal representing the President of the Republic of Senegal, conveyed the warm felicitations from the President to everyone at the Forum. He stressed the importance of the OIC to become a major player on the international arena. He reiterated Senegal's commitment to help make the event and its related programmes a success.

Dato Dr Michael Yeoh, Chairman of the Organizing Committee of the World Islamic Economic Forum & Chief Executive Officer, Asian Strategy & Leadership Institute read out the Declaration of the World Islamic Economic Forum. The Declaration states:

WHEREAS, the 1st and 2nd OIC Business Forums held in 2003 and 2004 have evolved into the Inaugural World Islamic Economic Forum held in Malaysia from 1st to 3rd October 2005.

Recognizing,	the need for an action-oriented programme of practical solutions to be implemented within a reasonable time frame and the importance of the role of Governments in Economic Development and the supportive and proactive roles of the private sector as Partners in development
Believing,	that sustainable economic development and growth will promote prosperity of the Muslim Ummah and the upliftment of the poor and marginalized
Affirming,	the value of promoting interaction, fostering partnerships and alliances among Muslim business community and between Muslims and non-Muslims
Noting,	that the World Islamic Economic Forum can foster networking and smart business partnership

Appreciating,
i. the support of the Host Government – Malaysia and the cooperation of Governments of participating countries;
ii. the presence of the several Heads of State and governments leaders, the President of the Islamic Development Bank and other institutions, and business leaders.

WE, the delegates call upon entrepreneurs and businessmen and businesswomen of the OIC countries and Muslim communities in non-OIC countries to:

i. establish a private sector-sponsored World Islamic Economic Development Corporation to identify and promote investments and infrastructure development projects in OIC countries and Muslim communities worldwide with special emphasis on less developed countries and communities;
ii. further strengthen networking with one another as well as to seek strategic alliances with non-Islamic businessmen to forge viable business partnerships. In this way, the Islamic business community can help promote dialogues and cooperation with non-Muslims worldwide;
iii. establish a World Islamic Businesswomen Network, recognizing the vast potential of Islamic businesswomen so as to facilitate exchanges and information sharing in order to promote business and investment opportunities
iv. establish a World Islamic Education Trust to be funded by Muslim entrepreneurs and philanthropists to promote scholarship and knowledge, giving special emphasis on science, information & communications technology and vocational training

Accordingly we agreed to:

i. establish relevant task forces each led by a prominent Islamic business leader to develop specific practical implementation plans to report back to the International Advisory Panel (IAP) within a reasonable time frame.
ii. set up a permanent secretariat for the Forum
iii. encourage and complement all existing efforts being made for the economic benefits of the Muslim Ummah

Recognizing the necessity of public-private partnering to realise these aspirations, we call upon the governments of the OIC Countries to:

i. create a conducive environment for business, investments and economic growth through regular dialogues and consultations with the private sector

ii. substantially increase the resources committed to education and the development of human capital at every level including leadership development, capacity building in science, technology and vocational training

iii. take all relevant measures to facilitate the easy movement of business people, investments and trade flows within and between the OIC countries

iv. consider the establishment of an Islamic Free Trade Agreement (IFTA) through regional and sub-regional FTAs in a step by step, time bound process that would ultimately lead to an Islamic Common Market.

We commend the Islamic Development Bank (IDB) in setting up the Islamic Trade Finance Corporation (ITFC). We further call upon the Islamic Development Bank (IDB) to enhance its services in fund mobilization to promote further the economic and social development of Muslim communities

It is hereby also agreed that the Forum be held annually with the next Forum in Pakistan in November 2006 and thereafter in Malaysia on alternate years.

FINALLY, we call on the Forum's Co-Chairmen to submit this Declaration to the Chairman of the 10th Summit of the Organization of Islamic Conference, the OIC Secretary General and to the Chairman of the Standing Committee for Economic and Commercial Cooperation (COMCEC) and other relevant OIC institutions.

Dato' Michael subsequently invited **Tan Sri Dato' Musa bin Hitam, Co-Chairman of the World Islamic Economic Forum** to hand over a copy of the declaration to the Hon. Dato' Seri Abdullah bin Hj. Ahmad Badawi, the Prime Minister of Malaysia and Chairman of the Organization of the Islamic Conference.

In his closing speech, **Dato' Seri Abdullah bin Hj Ahmad Badawi, the Prime Minister of Malaysia** stated that the World Islamic Economic Forum is believed to help promote unity and solidarity as well as social and economic cooperation. This programme would also provide both Muslims and non-Muslims with an excellent platform to identify new trade and investment opportunities in other countries and invariably help to improve the understanding of Islam and bring their communities closer

Despite all the challenges faced by Islam, Muslims around the world have generally emerged stronger and steadfast in their belief. It is important for all Muslims to partake in the economic development of their communities. The total Muslim population stands at 1.1 billion people and Muslims are also found in non-OIC nations. This provides a huge market for trade for Muslim products and services.

OIC's statistics on trade have not been favourable. OIC must identify the obstacles hindering trade and investment. It may be viewed as trivial by the developed Western nations but to the less developed countries, these issues are fundamental in nature. There is a need to break any deadlock by excessive bureaucracy. A smart partnership could be created among the OIC nations having abundant resources and support from the non-Muslims. This partnership should be coupled with the scientific knowledge and technological advancement of the West.

Among strategies suggested based on the Malaysian experiences are:

- Availability of enabling physical infrastructures.
- Precondition in investment in human capital through education and learning to ensure comprehensive training involving women and minorities. The real threat is not terrorism but poverty and illiteracy.
- The need to acquire knowledge. Muslims will not prosper without knowledge.
- Diversification of sources of growth to ensure sustainable economic development.
- The need to develop the rural areas as large population of Muslims live in these areas.
- The promotion of agriculture and agro based industries and SMEs.

The WIEF should be held regularly and have the potential to become an important vehicle that addresses some of the key challenges facing the global Muslim community.

The World Islamic Economic Forum *Petaling Jaya, Malaysia,* 1-3 October 2006
URL: <www.icdt.org>

WORLD ISLAMIC ECONOMIC FORUM (WIEF) 2ND SESSION NOVEMBER 5-7, 2006 ISLAMABAD THEME: UNLEASHING THE POTENTIAL OF EMERGING MARKETS

World Islamic Economic Forum (WIEF) is the successor of OIC Business Forum. The 2nd Session of WIEF is being organized jointly by the Government of Pakistan and the Asian Strategy and Leadership Institute (ASLI). It is being held in the picturesque capital city of Islamabad surrounded by lush green foothills of Himalayas, in the state of the art Jinnah Convention Center.

The Forum brings together heads of governments, top business leaders, political elite, entrepreneurs, journalists, intelligentsia, opinion makers,

and representatives of civil society.

WIEF is an independent international organization committed to improving the state of the Muslim communities by engaging leaders in partnerships to shape the future world, ensure social and economic gains for people and integrate Muslim communities into the global economy. It was founded in 2003 as OIC Business Forum, and was renamed as WIEF in 2004. It has its Secretariat in Kula Lumpur, Malaysia.

The theme of WIEF Islamabad being held from 5 to 7 November 2006 is 'Unleashing the potential of emerging markets'.

The key note speakers include the following statesmen:

- General Pervez Musharraf, President Islamic Republic Of Pakistan
- Dato'Seri Abdullah Ahmad Badawi, Prime Minister of Malaysia
- Mr. Shaukat Aziz, Prime Minister of Pakistan
- H.E. Chandrika Bandaranaike Kumaratunga, Former President, Srilanka.

Other eminent speakers likely to attend are:

- Mr.Bob Hawke,ExPrime Minister of Australia
- H.E. I. Ali AlNaimi, Minister of Petroleum & Natural

Resources, Kingdom of Saudi Arabia.

The following key business leaders are also expected to participate as speakers/panelists:

- Mr. Farooq Kathawari, Chairman Ethan Allen Interiors, USA
- Mr. Mohammad Ali Alabbar, Chairman, Emaar Group UAE
- Mr. Abdul Razak Daud, Chairman Descon, Pakistan
- Naguib Swahiris, ORASCOM, Egypt
- Lord Michael Hastings, Global Head Corporate Social

Responsibility,
KPMG International

- Sir Anwar Pervez, Chairman, President & Chief Executive Officer, Best
  Way Group, UK
- Mr. Syed Babar Ali, Packages Ltd, Islamic Republic of Pakistan
- Mr. Salahuddin Kasem Khan, Chairman, Aktel, Bangladesh
- Mr. Selcuk Erden, Regional Manager, Southeren Eurasia Region, The Coca Cola Company
- Tan Sri Hassan Merican, President and Chief Executive Officer, Petronas Malaysia

The Forum will include discussions on critical issues such as:

- Challenges for Muslim leadership in a globalized world
- Successful Entrepreneurs in a Global Marketplace
- Opportunities in Infrastructure Development, Public Private Partnerships, Information, Telecommunications and Outsourcing

- Managing Energy Demands
- Leveraging the Global Supply Chain for competitive advantage and value creation
- Tourism
- Diversifying investment portfolios for profit and security

This forum provides the premier platform for exploring opportunities in Muslim economies, including an excellent opportunity for informal business interaction, networking and regional consultations. The Forum offers the opportunity of identifying and developing new partnerships in energy, agriculture, industry, trade and services and will contribute to the evolution of the global, economic and social agenda.

The Forum will help evolve strategies for creating a better understanding of business opportunities in emerging markets, integration with the global economy, participation in the global supply chain and harnessing modern technologies to our mutual advantage. On the sidelines of the Forum, special sessions have been organized to focus on young entrepreneurs and women business leaders. The Forum's aim is to continue to think and act cooperatively in order to promote harmony in the world leading to improved business environment and better understanding among different civilizations and religions.

Speech by Tun Musa Hitam, Chairman WIEF, at The Opening Ceremony

I am deeply honoured to stand before you today to be given the opportunity to speak at this 2nd world Islamic economic forum. my sincere gratitude goes to the Prime Minister of Malaysia DATO' Seri Abdullah Ahmad Badawi, the government of Pakistan in particular the prime minister H.E. Shaukat Aziz, minister Hina Rabbani Khar and the officials who have all worked so hard to make this forum a resounding success that it is going to be. Let me also thank my colleagues of the WIEF international advisory panel, and all those institutions and individuals that have made this conference a reality. My special tribute goes to all of you participants that have come from near and far without whom this conference would not be possible.

In the process of spiritual growth, we the Muslim Ummah often forget that engagement in business ventures is in actual fact an excellent means to practise our faith. Business and trade can be said to be one of the best means that countries can really be at peace with one another through the existence of intricate economic links that inevitably bind those societies together. Such is the enormous influence that economic cooperation and business partnerships wield.

We need, however, to transcend the rhetoric. We need to take

responsibility to materialize these lofty ideals. The rationale behind the world Islamic economic forum (WIEF) is very simple: Muslims are important constituents of the world today due to their sheer size and predisposition towards peace, justice and prosperity. as such, there is an urgent need to transform the Muslim world into a viable and competent domain that is able to live up to that very predisposition.

Yet, in doing so, another logic comes into place. Namely that Muslims are part of the globalised world where every aspect of one's life, be it political, economic or cultural, is invariably interconnected to each other. As the logic goes, any effort in trying to consolidate Muslim competency while completely ignoring the existence of the non-Muslim world, is an exercise in futility. As such, we need to capitalise on this reality.

Much has been said these days of the need for dialogue between civilizations, particularly between the Muslim and non-Muslim world. While discussions still continue of the practicability of these dialogues and even on how to go about it, may I humbly make one submission.

I submit that one of the most powerful means of creating dialogue to achieve understanding through interaction and contacts is through business relationships in all its forms. These, to me, are indeed a form of dialogue, but dialogues of action!

Business partnerships are powerful forms of dialogues simply because it is an effective way to bind societies together, given a common objective towards prosperity. As such, it is these realizations that continue to spur the spirit of the WIEF. This, I believe, is one of the most compelling ways in which we can convey to the world, that Islam is indeed a religion of peace, tolerance and prosperity but, more important, through diligence, hard work and spiritual strength.

We need to confess that we often fall short of implementing what we aspire to achieve. We need to prove to the world that a dream should not be a jurisdiction of the mind.

At the last meeting in Kuala Lumpur, two full fledged active task forces, the world Islamic businesswomen network (wibn) and the world Islamic education trust (wiet) were established. Two memoranda of understanding (mou) will be signed today on seemingly insignificant, but structurally important areas of collaboration that will benefit the Muslim world. I need to point out though, that the importance of these mous does not lie in the signing of it, but rather the sustainability of its collaboration projects.

These are small steps towards a higher goal. We need to start realistically with small but sure and firm steps. We intend to continue to spur the activities of the existing initiatives in small but carefully designed programmes.

This afternoon, two concurrent roundtables were held for the WIEF women and young entrepreneurs. The objectives of these roundtables are to

pursue the idea of establishing a global Muslim entrepreneur network, in order to facilitate information and trade exchanges between the young Muslims, and a training centre for women entrepreneurs, to enable Muslim women entrepreneurs to be equipped with relevant competencies and skills. Both of these objectives would focus primarily on SMES as a reliable engine of growth for the Muslim world, particularly considering the steady rise of the role of SMES as exemplified by the recent forbes edition of the top 200 list of SMES in Asia. These ideas shall be duly looked into and followed up with specific programmes of action.

The WIEF is at the forefront of an extremely crucial political and economic trend. I submit that while governments of Islamic countries need to commit themselves and facilitate the programmes of the WIEF, it is the private sector, as represented by most of you present here today that needs that firm commitment, that firm support and that listings of programmes of action, through the wief, I believe we could realise our aspirations, together, for a better Muslim world that we all aspire to, Insha Allah.
Thank you.

WIEF 2nd Session, 5-7 November 2006

PRESIDENT MUSHARRAF FOR OIC RESTRUCTURING, URGES WORLD TO RESOLVE POLITICAL DISPUTES

President General Pervez Musharraf Monday called for restructuring OIC for its effective contribution to socio-economic development of the Ummah and be able to play a central role in portraying true spirit of Islam as the religion of peace and tolerance. At the same time, he urged the major world players to help resolve political disputes, mainly the Palestinian issue to end global turmoil.

He made these remarks at a round-table organized under the auspices of World Islamic Economic Forum (WIEF). Prime Minister Shaukat Aziz, Malaysian Premier Abdullah Badawi, former Sri Lankan President Chandrika Bandaranika Kamartunga and former Australian Prime Minister Bob Hawke were other members of the elite penal. President Musharraf in his opening remarks listed challenges facing the Muslim world and shared his thought with the unique gathering of business leaders, scholars and opinion-makers from around the world to overcome these problems.

He called for creating unity among the Ummah to be able to project itself and have an effective voice in the world. "The OIC is the only vehicle for creating unity restructuring of the OIC is the only way forward," he said of the 57-country Islamic grouping which, he added, was currently incapable to deliver. Giving a holistic view of the problems afflicting the Muslim Ummah, President Musharraf said extremism was on the rise as opposed to the

moderate forces.

He regretted the fact that the Islamic intellectuals and scholars had abdicated their knowledge of Islam to semi-literate clerics, who held a sway over the masses.

These clerics, he added, were reinforcing world's misperception that Islam is a religion that believes in militancy and intolerance. The President described illiteracy, poor standard of education as another problem area and reason for the Muslim countries to lag behind in this competitive world. He noted that of the top 500 universities in the world, there was not a single institution from the Muslim Ummah. "This is a major failure in the knowledge-driven world," he added. President Musharraf also listed economic and political deprivation, poverty, unemployment and social backwardness as other evils plaguing the Islamic world.

He pointed that 20 Muslim countries ranked among the 50 most poorest states in the world. The highest Gross Domestic Product (GDP) among the Islamic countries was less than the GDP of a small European country with no natural resources, he added. The President said that many Muslim countries have the economic resources but lacked ability to optimize their value. The Muslim Ummah, he said, was also suffering from political deprivation leading to a sense of helplessness and alienation. Sharing his vision to confront these problems, the President called for removing misperceptions about Islam and creating awareness among the people about its true essence and spirit. "We need to inform the world about the reality that Islam is not what they see in form of extremism and militancy but the religion that propagates peace and harmony," he added. In this context, he also highlighted the fact that a strong media was nonexistent in the Islamic world that could effectively counter the misgivings about the religion.

President Musharraf underscored the need for the Islamic countries to improve their economies that he said were central to addressing problems of poverty, unemployment and improving social indicators. "We need to liberalize, de-regulate and privatize in a big way," to achieve an economic turnaround, he added. The President also called for focusing on the development of the human resources in the longer term. He also underlined the need of improving literacy and the quality of higher education and empowering people politically and economically at the grassroots level. On the front of political deprivation, the President called for concentrating efforts jointly towards resolution of international disputes. He said the international community was fully aware and realized the need of resolving political disputes, saying, otherwise the turmoil in the world would never seize.

President Musharraf described his vision of enlightened moderation as the way forward which calls for the Muslim world to reject terrorism and extremism and concentrate on socio-economic development. The OIC has a key role in this regard, he said and added that for this the grouping must be

restructured. Besides, he added, within the Ummah, an individual country also needs to improve governance and focus on socio-economic uplift of its people. The second prong of the strategy of enlightened moderation, he said, calls on the world community to resolve political disputes that lie at the roots of international terrorism. He described the lingering Palestinian crisis as the core issue which was ripe for resolution and would also have its effects on Afghanistan and Iraq.

WIEF 2nd Session, 5-7, November 2006
<http://www.presidentofpakistan.gov.pk/NewsEventsDetail.aspx?NewsEventID=3...>

Opening Keynote Address By Prime Minister Shaukat Aziz

"The Way Forward For Muslim Economic Renaissance"

5th November, 2006

Your Excellency Dato Sen Abdullah Ahrned Badawi
Prime Minister of Malaysia and Chairman of the OIC
Honourable Tun Musa Hitam,
Chairman World Islamic Economic Forum Foundation and former
Deputy Prime Minister of Malaysia
Excellencies,
Distinguished Guests,

Ladies & Gentlemen,
It is a great honour for me to extend a very warm welcome to all of you. We feel greatly privileged to host the 2nd World Islamic Economic Forum in our beautiful and picturesque capital. The Forum brings together eminent personalities, business leaders and opinion makers from around the world and provides a great opportunity for exchange of ideas and experiences.

We are specially privileged to have in our midst Dato Sen Abdullah Ahmad Badawi, Prime Minister of Malaysia and Chairman of the OIC, who will be delivering a special keynote address to this Forum. His kind presence here not only underscores the fraternal ties that exist between Pakistan and Malaysia but also reminds us of his great country as an inspiring and enviable model of economic success in recent history.

Ladies and Gentlemen,
I will now turn to the subject of my presentation today — the way forward for Muslim economic renaissance,

Let me begin by saying that the Muslim world is rich in human capital as well as physical resources and has immense potential for growth, progress and prosperity. We constitute one-fifth of humanity and our people are

intelligent, industrious and enterprising. Nature has blessed us with vast natural resources which include 70% of the world's hydrocarbon reserves. The Muslim world is spread over a vast geographical expanse extending from Morocco to Indonesia and has a rich diversity of races, languages, cultures and people.

Counter-pointing the richness and diversity of our resource base is an economic performance which is not commensurate with our true potential. There is no doubt that some of the Muslim countries have made impressive progress. However, a vast majority of Muslims live in poverty and backwardness. Nearly 39% of the world's Muslim population lives below the poverty line. We make up 19% of the world's population but only 6% of its income. Our share in global trade is barely 7 - 8%, while only 13% of our total trade is amongst ourselves. No Muslim nation is among the group of developed industerlized countries.

Instead of breaking into a litany of noble intents and declarations, which is a customary way of starting such a speech, I have deliberately chosen to go straight to facts and figures which bring into sharp relief the true dilemmas and challenges facing us. My sole objective here is to set in motion a train of thought that helps us identify the root-causes of our malaise. We in the Muslim world need to look inwards, get into a mode of self-analysis, identify our strengths and weaknesses and chart a clear and well-defined course of action.

Ladies and Gentlemen,

First of all, we should be very clear about the kind of world that we live in today. The world of today is radically and profoundly different from the world of yesterday. We are living in an age of globalization where no nation can afford to live in isolation. We have, therefore, to begin our quest for economic revival by identifying the challenges and opportunities that the current global environment presents.

The new world order is characterized by economic integration, technological advancement, predominance of knowledge economy, and diffusion of democratic ideas. Broadly speaking, this process has brought about three fundamental changes. Firstly, a new governance paradigm is emerging whereby the private sector is leading the process of economic growth and governments are assuming the role of policy-maker, facilitator, regulator and enabler. Secondly, supra- national institutions are laying the rules of the game and nation-states, are called upon to operate within that framework. Lastly, and perhaps most importantly, buoyant expansion of global trade and capital flows as well as freer exchange of ideas and technology across the world provide vast opportunities for growth but at the same time pose serious challenges in terms of achieving better governance, higher efficiency and greater competitiveness.

This is the kind of global environment in which we in the Muslim world have to position ourselves in our pursuit of economic resurgence. The sooner we adjust to the ground realities of the new global order, the brighter our prospects of success would be. The way forward in this highly competitive and inter-dependent world is through improved governance and reform within individual Muslim states on the one hand and by exploring new avenues of mutual cooperation based on commonality of interest on the other. That in my view is the main task before us.

Ladies and Gentlemen,
The second biggest challenge facing the Muslim world is on account of insecurity emanating from disunity and dissentions within our own ranks. Such conflicts and disputes are not only sapping our energies and resources but also undermining our prospects of meaningful cooperation. Within Muslim countries, vertical divisions by way of social inequities are nursing a sense of deprivation, while horizontal cleavages along ethnic, tribal arid linguistic lines are a source of unrest. There is a need for unity within and amongst ourselves in order to move forward and harness our economic potential.

The growing divide between the Muslim world and the West, wrongly projected by some as a clash of civilizations, is another important challenge facing us. Public opinion in the western world is gripped by misperceptions about our faith. Meanwhile Muslims in Iraq, Afghanistan, Palestine, Lebanon and Kashmir continue to face insecurity, death and destruction.

Such is the nature and magnitude of the challenges facing the Muslim world in recent times. The most important response required of us at this critical juncture is to project the true spirit of the Islamic faith and to remove the cobwebs of prejudice and misperceptions which hang around it. Islam as a way of life enshrines the values of moderation, tolerance, justice and interfaith harmony

Ladies and Gentlemen,
Islam accepts the reality of change and embodies a lucid awareness of the perpetual movement of life. It lays down the principle of Ijtehad as a mechanism of interpreting the basic Islamic principles in terms of the changing realities and requirements of life. The great poet-philosopher Allama Iqbal, in his monumental work. 'The Reconstruction of Religious Thought in Islam', brings it out in no uncertain terms: "In the world of Islam, we have a universal polity whose fundamentals are believed to have been revealed but whose structur**e** stands today in need of renewed power by fresh adjustments".

The task of reconstructing Muslim societies is indeed stupendous. Such a process has to reflect not only the idiom and thought currents of the modem age but also embody the drive and inner quality of Islam. We are proud of the humane values and principles of Islam but at the same time

firmly believe that blind adherence to tradition should be discouraged to make way for creative thinking. This is how Islam as a great faith can perpetuate itself as a living, inspiring force in a world of relentless change.

Before I revert to the specific strategies that we require to ignite the process of economic revival in Muslim countries, let me emphasize that we should not allow ourselves to become a hostage to the actions of a minority within ourselves who have taken to extremism for one reason or the other. We need to seriously explore as to why Islam has not been understood in its true light and spirit and address the perception issues with clarity and force. We should approach the current day realities with open minds and adopt a futuristic vision to resolve our issues and problems. While doing so, we certainly need to highlight the root cause of extremism which breeds in the smouldering fires of injustice and resentment not only in Muslim societies but in all societies. History is full of such examples. The world community has a responsibility to remove the causes of injustice and frustration so that a lasting solution to the scourge of extremism and terrorism can be found.

Ladies and Gentlemen,
The way forward towards a Muslim economic renaissance must consist of several integrated and calibrated measures:

- We should evolve an effective dispute resolution mechanism to resolve our issues and problems and put in place a sound framework for mutual cooperation. We must promote unity amongst and within our countries. We should broaden and deepen our economic relations. With a growing population and depleting resources in the world, such intra-Islamic cooperation is becoming increasingly important for ensuring our energy security, water security and food security.
- We must undertake necessary political, economic and social reforms to create an enabling environment for harnessing our individual and collective potential. For this, we need to ensure political stability and continuity, good governance, transparency and accountability as well as consistent economic policies and improved delivery of social services, especially in health and education.
- We should focus on education and catch up in the field of science and technology. Skill development through vocational training should receive a high priority to equip our workforce with capabilities which are in demand in national and international markets.
- We must evolve a comprehensive growth model to provide a strategy for balanced development. Moreover, we should provide

for sharing of financial and commodity surpluses through institutional mechanisms driven by public-private partnerships.

- The less endowed countries amongst us should develop absorptive capacity to make optimal use of scarce domestic capital and to benefit from cross-border flows.
- Depending upon our individual comparative and competitive advantage, we should try to specialize and carve out niches for ourselves in vital economic sectors such as energy, telecom, IT, banking mining, agriculture, services and so on. We can thus create complementarities and by sharing best practices help each other to help ourselves. Our eventual goal should be to create an Islamic Economic Union towards which we can begin by entering into multilateral free trade agreements as well as promoting the free flow of capital, labour, goods and services. We can also create a world-class capital market to attract international capital, which would enable us to finance our growth and development.
- OIC and 1DB need to be repositioned and reinvigorated.

While proposing this action plan, I am deeply conscious of the need for forward movement by the Muslim world. The bottom line really is to refurbish our intellectual resources, close our ranks by resolving our disputes and work sincerely for a genuine and meaningful cooperation. That is the only way that we can cope with the grueling challenges of a fiercely competitive international environment. I quite often compare today's world with a treadmill where we should keep moving ahead.

Ladies & Gentlemen,

We in Pakistan have already commenced this journey towards a better future. Over the past seven years our government has been implementing policies to rejuvenate and reposition Pakistan in the world. These involve comprehensive and multidimensional reforms in the political, economic and social spheres.

In the political field, we have ensured good governance through accountability and transparency. We have empowered people from the grassroots to the national level. We have a vibrant opposition, an independent judiciary and a free media.

In the economic sector, our reforms based on the principles of deregulation, liberalization and privatization, have ensured an upward growth trajectory and our economy has been amongst the fastest growing economies within Asia. About 14 million people have come out of poverty in just four years. We have now embarked on our second generation reforms for enhancing productivity and competitiveness, institution building and improving governance.

In the social realm, we are focusing on improving and enlarging the

delivery of health and education in order to develop a healthy and educated workforce that would shore up our knowledge-based economy.

Our government is also determined to leverage Pakistan's strategic location at the crossroads of South, Central and West Asia to promote peace, security and prosperity in the region and especially in the Islamic world. Pakistan provides the shortest access to the sea for landlocked countries of Central Asia as well as Western China. With the creation of energy, trade and transportation linkages across these regions, Pakistan can play a key role towards promoting mutually beneficial regional cooperation.

Ladies and Gentlemen,
In conclusion, let me say that the Muslim world is faced with serious and multiple challenges. A lot of progress has been made in many areas but a lot more needs to be done. It requires clarity of thought, will to change, and determined and concerted action by all of us individually and collectively. It is a difficult and arduous journey. It is a constant and unrelenting struggle. The Muslim world, with its rich resources, vibrant energies and unflagging determination, will overcome these challenges and open new avenues of progress and prosperity not only for Muslims but for entire humanity. Islam promises universal peace, progress and prosperity and so should our endeavours aim at and contribute to make a better world for all mankind.
Thank you,

WIEF 2nd Session, 5-7 November 2006

SPECIAL KEYNOTE ADDRESS BY THE HONOURABLE ABDULLAH AHMAD BADAWI PRIME MINISTER OF MALAYSIA

Enhancing Global Competitiveness
And Trade Among Muslim Countries

Assalamualaikum Warahmatullahi Wabarakatuh.
H.E. Mr. Shaukat Aziz,
Prime Minister Of The Islamic Republic Of Pakistan;

Excellencies, Distinguished Guests,
Ladies And Gentlemen.

Alhamdulillah, all praise be to Allah, by whose grace and blessings we are able to gather for the second time in this World Islamic Economic Forum, to find solutions to our economic problems and exchange views on how best to enhance our economic potentials. We can already celebrate the emergence of an Islamic niche in the global economy as represented by the steady growth of

trade and investment in *halal* products and services, in particular the ever increasing significance and integration of Islamic finance into the international financial system. This is indeed an important development in contemporary Islamic history. Nevertheless, much remains to be done to identify ways on how trade and investment among ourselves can be increased and how Muslim countries can and should become entities which count in the international economic system as a whole.

2. I am therefore very pleased to see business leaders from the various Muslim countries, experts and decision-makers, assembled here to play a part in this important meeting of minds. Our shared mission is clear, which is to strengthen our economic cooperation in particular and enhance the wellbeing of the U*mmah* in general. I do recognize the presence of non-Muslims as well in this forum. We applaud their cooperative spirit and welcome them as progressive human beings.

3. However, before 1 proceed any further, let me congratulate and thank the World Islamic Economic Forum foundation for organizing this gathering with the support of the other co-organizers. I would like to thank especially the Government of Pakistan for having kindly accepted to host this second forum.

Excellencies, ladies and gentlemen,

4. The process of globalization has, in many ways, removed barriers to the flow between countries of goods and services, of capital and labour. The process, however, has not proceeded in the same way and at the same speed everywhere. Nevertheless, the overall effect has been the same in bringing greater openness and stronger linkages between the economies of the world. And this situation has left domestic producers with no alternative but to be competitive in order to survive. O.I.C member countries must develop and sharpen, in order to attract the needed capital and expertise, which are in turn necessary for enhancing economic growth through increased efficiency.

5. Therefore see a very clear role for the World Islamic Economic Forum. First, it should assist Muslim countries to cooperate with each other in international economic and development issues. Second, it can assist Muslim countries become competitive players in the wider world of international trade and investment Muslim countries should exploit to the fullest their dual capacities, first as Islamic economic entities that operate in the niche market of *Halal* products and services and as regular units of the international economic system that compete in the global market-place. The WIEF can help to pool ideas including forging partnerships, and it can function to spread the message.

6. For O.I.C countries, however, whether it is in the context of cooperating with each other or whether it is in the context of doing business with the rest of the world, the keyword remains the same and that is they must be competitive and efficient producers of goods and services.

7. In this connection, the development and enhancement of the human

capital - be they in the labour force or in the management ranks - are key to the question of maintaining competitiveness in the global market. The workers and managers must constantly be exposed to new knowledge, be constantly trained in new processes and in the operation and management of the latest technologies. They must be capable of creativity and innovation, whether in finding new technological applications or introducing new management techniques.

8. Education is the key to enhancing the capacity of humans as individuals and as a resource for national development as a whole. Human capital development can help break the vicious cycle of poverty. Therefore the full range of learning opportunities should be provided to ensure a comprehensive development of the human capital which is capable of taking on challenging tasks.

9. Another important driver of productivity and growth potentials is the modernization of the country's infrastructure. A reliable public transportation system, public utilities and telecommunication facilities are some of the most critical requirements for economic development. Dilapidated roads or ineffective physical infrastructure can indeed become bottlenecks and undermine growth performance. The large amounts spent on the construction of modern infrastructure might appear incongruous in the face of competing demands for socioeconomic projects but we need to spend adequately on infrastructure. The secret lies in striking an appropriate balance in development expenditure for the various sectors of the economy.

10. To implement the development agenda, there must also be present a competent civil service with high standards of work culture like the labour force and the corporate managers. The civil service too must continuously be given the best training and education. An economy cannot expect to be globally competitive unless it. is supported by an efficient civil service capable of providing a good pubic delivery system. In my country, Malaysia, we pay a lot of attention to this aspect of governance including such things as prompt payment to contractors services rendered.

Excellencies, ladies and gentlemen,

11. The factors that are critical to driving productivity and competitiveness are many and they may vary from country to country. I do not intend to take time listing them all but one feature which is very common to all of us is the existence of urban and rural divides. Within O.I.C countries our respective economies may have achieved varying degrees of success in trade, investment and finance at the international level but our countries cannot claim to be truly competitive unless the socio-economic gaps between our urban and rural areas are bridged at the same time.

12. I believe we can achieve a lot in the realm of rural development by modernizing the agriculture sector of our economies. Agriculture should be

made to become a dynamic sector. One way of achieving this is by increasing productivity and competitiveness through higher value added activities and utilization of modern technology. For example, we can modernize and diversify fishery activities to increase the income of fishermen and those involved in aquaculture. In Malaysia, we encourage the government-linked companies, especially those involved in the plantation sector, to become the catalyst in the commercialization of the agriculture sector, including smallholder activities.

13. Co-operatives can play an important role in the development of small businesses in Malaysia, we have launched the national cooperative policy to spearhead the development of small and medium enterprises.

Excellencies, ladies and gentlemen,

14. Co-operatives can become effective institutions for the marketing of products. They can become avenues for young people to learn the secrets of doing business and become entrepreneurs in their own right. The co-operative movement can definitely contribute to human resources development, not only in agriculture but also in other economic activities. Co-operative can be one of the channels for the development of human capital.

15. Indeed, increasing the competitiveness of our respective economies is our immediate task but this is not the end of our mission. It is merely the prerequisite for securing a much larger agenda. To underline the point I am making, let me cite a few pertinent figures.

16. The collective gross domestic product of the 57 O.I.C member countries is less than 5% of the total world GDP. Thirty-one of them are classified by the United Nations as least-developed low-income countries. The volume of trade between O.I.C countries represents only 6 to 7 percent of the total global trade.

17. The O.I.C has a moral obligation and an economic rationale to assist the least developed of its member countries get out of the poverty cycle. An economically weak membership weakens the organization as a whole. A large part of this problem stems from our own weaknesses and vulnerabilities. We need to be honest with ourselves and identify the root cause of poverty in the Muslim countries. We need to strengthen the concept of Islamic brotherhood and take concerted action to bring into being greater cooperation and collaboration among O.I.C member states. Eradicating poverty in Muslim countries should be the first item on our larger agenda.

The second item on the larger agenda should be the forging of greater unity among Muslims, both at the domestic and inter-state levels. Sectarianism should not be made a source of discord within Muslim societies and inter-sectarian violence must stop completely. Each country is unique. Each has its own mix of issues and problems, but assist each other to find the way out. We must. The promotion of Muslim unity at the international level will become

possible only after unity is established at the national level.

19. In this connection, let me tell you that the situation in my country is even more complex than those in many other Muslim countries. Malaysia is a multi-ethnic, multi-religious, multi-cultural country in which Islam is the official religion. We have deliberately embarked upon a program to communicate a proper appreciation of Islam as a force for good. We call it Islam hadhari, and present it to the entire population as an approach for achieving a progressive society that is compatible with modernity yet firmly rooted in the noble values and injunctions of Islam. This undertaking has found acceptance among all Malaysians because underlying the whole message of Islam hadhari is a call for equitable development and progress. It is a call for moderation and tolerance as well as the assurance of justice and fairness for all irrespective of their separate ethnic, religious or cultural identities.

20. The third item on our larger agenda is removal of antagonism which now exists between the West and the Islamic world. This is the biggest issue in world affairs today. This is the biggest crisis facing Muslim countries in modern times Muslim nations have been humiliated by the hegemonic tendencies of the global powers as exemplified by the subjugation of Palestine, Afghanistan, Iraq and Lebanon. We must remove the equation of Islam with terrorism. We must stop the demonization of Islam by the West. We must not allow the clash between civilizations to become a self-fulfilling prophesy. To put things right, we critically need unity and solidarity among Muslim countries.

21. To achieve our objectives and complete our agenda, I do believe that we must secure the economic clout. Only then would we be better able to wield the political influence. And in this regard, Muslim countries do posses the necessary potentials. There are about 1.25 billion Muslims throughout the world, making up close to 20% of the total global population. This is a ready market for *halal* products and services. Muslim countries supply some 70% of the world's energy requirements. Surely, this is power in the hands of Muslims. We must find the political will to harness it in appropriate ways. Muslim countries account for some 40% of the global raw material export, mainly to non Muslim countries. We need to find ways to spread the benefits to help other needy countries particularly the least developed. We must strengthen our economic base by strengthening the economic linkages among Muslim countries. We need to reform the organization of Islamic conference to make it more economic and less politically oriented than it is now.

Excellencies, ladies and gentlemen,

22. Clearly, our battle fronts are not only economic and political. We also have a crucial battle to transform the mindsets of our own peoples, to instill in them the correct understanding of Islam that places a strong emphasis on uplifting the economic status of Muslims as a means of enhancing the faith and empowering the Ummah. We must make our people realize that because

of our lack of capacity - compounded by our lack of unity - Muslim nations are often left on the periphery of the global order. Although we are big in numbers, we have little influence in world affairs and accorded little respect in the international community of nations.

23. The challenge before the Islamic world today is to confront the ugly realities of our present situation. We must restore the image of Islam and Muslims. We must strive for a renaissance of the Islamic civilization. We must recover the hallmarks of that civilization, which is peace, prosperity and dignity. And this quest for international respect and dignity must begin at home. We must create national environments where peace can prevail, where economies can prosper and where people can find their dignity. The corporate sector and the captains of industry, such as all of you in the audience, can contribute ideas and exert efforts to help make this mission a success.

Excellencies, Ladies and Gentlemen,

24. I wish all of you a productive and fruitful forum. I hope you will succeed in identifying ideas and strategies to build economic prosperity for our people and for future generations. May Allah give us the strength and will-power to see it through, for the sake of a better world for all.

Thank you.

WIEF 2nd Session, 5-7 November 2006

Ali Bin Ibrahim Al Naimi Minister of Petroleum and Mineral Resources, Kingdom of Saudi Arabia

Energy, Economic Growth and Islamic and Developing Societies

Your Excellency, Mr. Shaukat Aziz,
Prime Minister of Pakistan, Excellencies,

Distinguished delegates to this second World Islamic Economic Conference. I would like to begin by expressing my sincere thanks to the government of Pakistan for sponsoring this important conference and to H.E. Mr. Shaukat Aziz, Prime Minister of Pakistan, for inviting me to address you. I am honored to speak to you today about energy, its role in the economies of developing countries and Saudi Arabia's Oil Policy.

It is clear that the world around us is rapidly changing and that these changes will have profound implications for the future. The information technology revolution, the lowering of trade barriers and the widespread adoption of market principles are shrinking the world and creating a global market place. Traditional national barriers to the free movement of capital, trade and knowledge have already fallen. Capital now flows to the best

opportunities, and new ideas and approaches are not limited by geographical boundaries.

Some feel threatened by these changes. I am not one of them. I see the future as one of great promise where the potential for economic prosperity is greater and more widespread than at any time in history.

I believe this conference is very timely. We are at an important crossroad in our histories. Global change is creating significant new opportunities and challenges for Islamic countries. We must not miss our chance to benefit from this change. Forums like this are important vehicles for exploring new ideas and approaches to cooperation and partnership. We must work together to unleash the economic potential of Islamic nations.

The subject of this session is Managing Energy Demand. I would like to make four points which I believe can be useful for setting the stage for the discussions which will follow this presentation. They are:

First, we should not be intimidated by the prospect of growing energy demand. Rising energy demand goes hand in hand with growing prosperity and is a positive indication of our successes, not of failure.

Second, conventional energy resources oil, gas and coal are plentiful and sufficient to meet the world's energy needs for the foreseeable future.

Third, there are huge quantities of non conventional hydrocarbon resources of very heavy and viscous oils all around the world which can be called upon to meet projected energy demand for the remainder of this century.

Fourth, technology and price will be crucial factors in expanding the available resource base. Technological advances will provide us with increasing innovative and sophisticated means to find and develop the earth's energy resources. However, to ensure this happens, prices must provide sufficient returns to encourage adequate investment.

Robust economic activity will have profound implications for future energy demand. Without energy, economies can not grow to their potential and the aspirations of the world's people for a better way of life can not be fulfilled.

During the last century, the OECD countries effectively harnessed hydrocarbon resources to become major economic powers and to achieve the prosperity they enjoy today. I believe that in this, the 21st century, developing countries will flex their economic muscles, and once again hydrocarbons will play a key role.

Meeting the aspirations of the world's people for increased prosperity can only be achieved through the cooperative efforts of both consumers and producers. The world must find, develop and produce large new quantities of energy on a scale unprecedented in the history of mankind. I believe it can and will be done, but it will not be easy. Our growing world economy will need many different and new sources of energy in the coming decades.

The world's rapidly growing appetite for energy will require greater contributions from a growing number of fuels and technologies such as bio fuels, gas to liquids, hybrid vehicles and fuel cells. I see great opportunities for entrepreneurial individuals and companies to research, develop and commercialize new sources of energy which can help supplement conventional energy resources.

While I have no doubt that the world is up to the challenge of producing large additional quantities of energy, the key to a successful energy future lies not only in the production of more energy, but also in conservation and efficiency gains.

Conservation and efficiency will contribute to meeting future demand because a BTU saved is equivalent to a BTU produced. Saving energy extends the life of the earth's resource base, thereby helping to ensure that there will be fuel for continued economic expansion many decades into the future.

We all must use energy wisely and as efficiently as possible, in order to achieve the economic benefits derived from our precious natural resources.

Under the right circumstances, alternatives to traditional hydrocarbon fuels, along with conservation and improved efficiency can make an important contribution to the energy supply mix of developing countries. These alternatives will also provide new economic opportunities for Islamic countries in particular and developing countries in general. They can be a catalyst for the creation of new companies and industries, attracting foreign investment, increasing employment and contributing to a more diversified economy.

While non hydrocarbon fuels will playa growing role in meeting future energy demand, their importance in meeting the world's energy needs should not be oversold. They will be at best complementary and will not significantly diminish the share of traditional hydrocarbon fuels petroleum, natural gas and coal for the foreseeable future.

This is particularly true for petroleum, which will remain the fuel of choice for transportation. This fact has important implications for developing countries where demand for transportation fuels is expected to account for a major portion of the growth energy demand. Viewed in the context of the world's current technology base, petroleum is, and will continue to be, the superior energy choice in terms of ease of use and cost effectiveness. The simple reality is petroleum's share of the overall energy mix is unlikely to diminish significantly from today's levels for at least the next 30 to 50 years.

The world's continuing reliance on hydrocarbons will create significant economic opportunities for resource endowed developing countries. Almost 80 percent of the world's petroleum reserves and 65 percent of its natural gas reserves are found in developing countries, especially within the Islamic Countries represented here today.

These reserves numbers are only half of the story, however. Just as

significant are the resources that remain undiscovered. The extent and intensity of hydrocarbon exploration in developing countries as a whole is relatively low. We know from past experience that as technology advances, and we gain better knowledge of the subsurface, we will find, develop and produce even more energy in developing countries.

The world's expanding need for energy will be an engine of growth for developing countries with energy resources. However, experience shows us that reliance on resource exports can be a double edged sword, leaving the economies of exporters vulnerable to the inherent volatility of commodity prices.

Recently, we have seen energy exporting countries step out of the old model of over reliance on resource exports. Instead, developing countries are creating their own models that leverage energy resources, add value, diversify and maximize the benefits to their economies.

There are many possible approaches. Local conditions dictate which is best for any individual country. Where appropriate some countries are choosing to add value by processing petroleum into usable finished products through the construction of refineries and petrochemical plants.

Some are also attempting to leverage their resources by starting companies and developing industries that provide support services to the resource industry. By leveraging their valuable energy resources in this manner, resource rich developing countries can maximize the value of those resources. In doing so, they can create a more robust and diversified economy that produces skilled, high paying opportunities for their citizens.

Saudi Arabia is a developing country just like the countries represented in this gathering. The peoples of our respective countries have much in common and share many of the same aspirations. Meeting these aspirations requires that we create vibrant economies which offer our young people the opportunity for meaningful employment and financial security.

In the Kingdom, we have taken important steps to reform our economy and we have undertaken initiatives designed to leverage our natural endowment of petroleum resources to create a stronger and more vibrant economy.

We have entered into partnerships with international companies to build new refineries inside the Kingdom while increasing capacity at other plants at home and in joint ventures abroad. We are also expanding our petrochemical industry by building new capacity. Our aim in undertaking these projects is to capture the value added when our oil and natural gas resources are turned into finished products.

We are also creating new opportunities for growth and diversity through the development of industries to provide the support services that are vital to our energy resource industry across the entire spectrum from exploration, to production, to refining and finally marketing for exports. We

are currently focused on energy intensive industries such as iron and aluminum smelters. But we are also expanding the exploitation of our mineral wealth to increase the diversification of our national economy. Distinguished Delegates,

Ladies and Gentlemen;
Now, I would like to discuss the issues of oil supply, price and the policies of Saudi Arabia. We in Saudi Arabia are well aware that the availability of sufficient quantities of reasonably priced energy is a crucial issue for all countries, but particularly for developing countries. We also know that reliable supply and stable prices are imperatives for sustained economic growth.

Promoting reliable supply and stable prices are the cornerstones of Saudi Arabia's oil policy. Our interests and the interests of all countries are best served when these two conditions are met.

We can not talk about the adequacy or the reliability of future oil supplies without a discussion of oil prices, because therein lies the biggest potential threat to our efforts to ensure reliable energy supplies in the future.

Some say that the preeminent goal of energy policy should be to keep oil prices as cheap as possible in the mistaken belief that low oil prices are a precondition for stability and sustainable economic growth. Experience taught us that in fact, the opposite is true. Allow me to explain.

We have seen that there is a strong negative correlation between low oil prices and the ability of producers to continue supplying energy to growing economies. The low oil prices of the 1980s and 1990s offered little incentive to invest in the energy industry and, as a result, capital was drawn to other industries that offered higher returns. With capital flows into the industry choked off, its capacity to supply energy to consumers stagnated and even declined in some instances. What made matters worse was that low prices were encouraging greater consumption of energy. In retrospect, it was clear that these trends were not sustainable. The higher prices we have seen recently are a direct result of underinvestment during the previous two decades.

Some individuals also mistakenly believe that economic growth is inversely related to the price of oil or to the amount of oil a country imports. Recent experience has shown this is not true. There are many outstanding recent examples of energy import dependent countries achieving impressive economic growth rates during periods of rising oil prices.

Neither high prices nor substantial energy import dependence has been a major impediment for these dynamic economies. We must not think of energy import levels as a negative indicator. They are not a sign of failure; but rather an indicator of success. The more their economies grew the more energy they needed. And, the more energy they used the more their economies grew.

The reality is very low oil prices are not sustainable. In fact, they invariably lead to volatility and subsequently higher prices for the reasons I

have just outlined. Sustainable economic growth requires reliable energy supplies and stable prices. These two conditions are only achieved when the needs of both producers and consumers are met. Prices must be high enough to offer an adequate return to producers without hurting consumers. Only then, do the necessary conditions exist for sustainable economic growth.

Reliable supply and stable prices are the metrics by which we measure our oil policy. We do so because they are good for the world economy, and as such, they are good for the long term health of Saudi Arabia's economy.

Next, I would like to summarize the key elements of Saudi Arabia's oil policy. It includes:

1. A willingness to supply markets with additional oil in times of need to maintain short term price stability. To this end, we are committed to maintaining at significant cost to ourselves, at least 1.5 2.0 million bid of spare capacity to act as a cushion against unforeseen supply interruptions or surges in demand. This is a powerful tool which helps Saudi Arabia stabilize oil markets in times when dislocations occur;
2. A practice of pricing our crudes according to local market conditions using regional benchmark crudes that reflect the underlying market demand and supply conditions;
3. A belief that market stability is enhanced by greater knowledge of markets and greater market transparency. To this end, Saudi Arabia, under the direction of the Custodian of the Two Holy Mosques, King Abdullah bin Abdulaziz, has established the International Energy Forum Secretariat, which is headquartered in Riyadh. The International Energy Forum provides an opportunity for producers, consumers and industry to work toward the common goal of improving our understanding of markets and how they work;
4. As I discussed earlier, our policy recognizes the need for oil prices to offer an adequate return to producers while protecting consumers, thus providing an environment conducive to long term stability for oil markets;
5. A recognition that Saudi Arabia has a crucial role to play in expanding energy supplies to meet the world's growing energy needs. Saudi Arabia takes its role as preeminent supplier of energy to the world seriously, and we are undertaking major new initiatives to increase future energy supplies. These initiatives will raise our production capacity to 12.5 million bid by 2009.

We are also investing heavily to increase our capacity in the down-stream where there is a critical shortage of capacity to meet the projected future demand for finished products.

Through these investments, Saudi Arabia hopes to make a significant

contribution toward maintaining reliable supplies of energy in the coming decades.

At this point, I want to address Saudi oil policy as it relates to Islamic and developing countries. The Custodian of the Two Holy Mosques, King Abdullah bin Abdul Aziz has mandated that Saudi Arabia's oil policies give special attention to developing countries.

We believe that the most important thing that we can do for developing countries is to help create an environment conducive to sustainable economic growth with an oil policy that promotes adequate supplies at reasonable prices. We believe this policy serves the best interests of all developing countries.

Saudi Arabia is committed to an ongoing exchange of visits and increasing dialogue with officials from other developing countries in general, and Islamic countries, in particular. We have an active program of helping the oil industries in our fellow developing countries.

To this end, our policy is to encourage relationships with oil and oil service companies from developing countries that desire to work in Saudi Arabia and that have a competitive edge. We also have an active program for sharing our decades of experience through advice, training, exchanging of experts and more.

Distinguished Delegates, Ladies and Gentlemen, in closing I want to thank you again for the opportunity to address you today. As representatives of developing nations, we all aspire to greater prosperity. Reliable energy supplies and stable energy prices are keys to that prosperity.

We in Saudi Arabia know that if the economies of developing and Islamic countries grow, our economy will also grow. We share the same goals and our futures are intertwined. With enlightened policies and realistic expectations from both energy producers and consumers, we can bring about a brighter future for mankind. Thank you.

WIEF 2nd Session, 5-7, November 2006

SPEECH OF DR. AHMAD MOHAMED ALI PRESIDENT, THE ISLAMIC DEVELOPMENT BANK GROUP

"Challenges of Social Development to Islamic World"

In the name of Allah, the Most Gracious, the Most Merciful

Excellency Prime Minister Shaukat Aziz,
Excellency Prime Minister Dato Seri Abdullah Ahmad Badawi,
Excellency Tun Musa Hitam, Chairman of the World
Islamic Economic Forum Foundation,
Distinguished Ladies and Gentlemen,

Assalamu Alaikum Warahmatullah Wabarakatuh

It is indeed a great privilege and honour for me to be here tonight at this very important occasion. On behalf of the IDB Group, I would like to extend my sincere appreciation to the Asian Strategy & Leadership Institute (ASLI), the International Islamic Chamber of Commerce & Industry (ICCI), the International Islamic Center for Development of Trade (ICDT), and the Government of the Islamic Republic of Pakistan for organizing the 2nd World Islamic Economic Forum which this year focuses on "Unleashing the Potential of the Emerging Markets."

Like last year in Kuala Lumpur, the Forum will Insha' Allah provide an excellent opportunity to government leaders, business players, and civil society members to promote dialogue and foster partnership and networking. With globalization further accelerating, it is imperative that the private sector in our member countries continue to explore innovative means of strengthening cooperation as well as to reinvent business practices. Of course, the governments have an important role to play in the form of facilitator and to provide an enabling and equitable environment for the private sector to flourish. In addition, we need to strengthen existing and to explore new avenues for accelerating international economic cooperation among member countries in order to underpin efforts aimed at bringing about peace and stability for the Ummah.

Excellencies, Brothers and Sisters,

The topic of my presentation is "Challenges of Social Development to Islamic World", Indeed, I am confident that we will all agree that social progress is critical for economic development, which is based on equity and justice, where people and society are at peace with themselves. In order to equitably distribute fruits of economic growth, it is indeed essential to have a clear conception of social development strategy which institutionalizes and provides adequate resources for meeting the needs and priorities of poor people, mitigating their vulnerability, exclusion and isolation, and access to social justice.

Indeed, recent economic performance in lOB member countries, as a group, has been encouraging. The real GDP growth in IDB member countries increased from an average of 2.9 percent in 2001 to 5.6 percent in 2005 and output growth is expected to further increase by 5.8 percent during 2006. In 2005, total exports by member countries reached $1.2 trillion, which represents only 9 percent of the global trade. The total volume of intra-trade among IDE member countries was recorded at $108 billion, a growth of 45 percent in 2004. The FDI inflows to IDB member countries reached $41.8 billion in 2005, which is less than one fifth of FDI flows to developing countries.

The robust economic performance by 56 IDB member countries has also been accompanied by improved social indicators. The adult illiteracy rate

in member countries declined from 44 percent in 1990 to 34 percent in 2005. The average gross primary school enrolment rates in IDB member countries rose significantly from 78 percent in 1980 to 96 percent in 2004. Despite the significant increase in secondary school enrolment rate from 29 percent in 1980 to 53 percent in 2004, this rate is still low compared to other regions. The life expectancy at birth has increased from 59 years . in 1990 to 60 years in 2005. The percentage of population with access to basic health such as safe water and sanitation has also increased. The incidence of poverty has decreased in many IDB member countries from Asia and Arab region.

Unfortunately, trends in poverty and other social indicators in Sub-Saharan Africa region raise a cause for serious concern. The incidence of extreme poverty in the region was 303 million people in 2002, which is actually higher than 227 million people in 1990, and is projected to rise to 336 million by 2015. Moreover, as we all know, there are pockets of extreme poverty in the depressed areas of even those member countries who are posting robust economic growth.

In general, implementation progress by lDB member countries in terms of selected MDGs relating to eradication of extreme poverty and hunger, achievement of universal primary education, reduction of child mortality rate, and improved access to safe drinking water and sanitation is encouraging. However, there are about thirteen member countries which are unlikely to achieve the target of halving the number of people living below $1-day by 2015. Many of the IDB member countries, who are classified by the UN as low human development countries, appear to be making progress to achieve the universal primary education, improved access of the population to safe drinking water and sanitation goals of the MDGs.

Excellencies, Brothers and Sisters,

Despite significant socioeconomic progress in many IDB member countries, their performance is still below their potential and the performance of other developing countries. As we are all aware, economic growth in our member countries must be sustained in order to achieve a lasting reduction in poverty. Over the last decade, annual population growth in IDB member countries is estimated at about 2 percent. Therefore, annual economic growth should be sustained at least twice the population growth to achieve a significant reduction in poverty, and still higher economic growth to catch up with other developing countries. Looked at from another perspective, much faster growth is required to absorb the rapidly rising labor force and to improve the living conditions of the poorest.

The challenge of sustaining a higher trajectory of economic growth requires implementing a social development strategy which heightens the involvement of all stakeholders through institutionalizing the equitable distribution of new wealth, vigorously implementing programs to reduce

poverty, and to develop human capital of the poor. In this era of globalization, pursuing such a social development strategy becomes challenging as the global economic growth not only provides an environment and opportunities for faster economic growth and social progress but also significantly raises the risk of marginalization for those that fail to integrate into the global economy.

Kindly allow me to briefly highlight five major challenges facing lOB member countries which needs to be urgently addressed in order to achieve sustainable socioeconomic development. These are (i) reducing the number of the poorest of the poor, (ii) improving access to quality schooling for children, (iii) mainstreaming women containing, (iv) reducing health related vulnerability of the poorest, and (v) youth unemployment.

- Reducing the Number of the Poorest of the Poor: About 50 percent of the population of IDB member countries live on less than $2 a day, an amount barely sufficient for subsistence living. The biggest threat to Muslim societies today is poverty and illiteracy. Moreover, in most lOB member countries, the incidence of poverty is actually higher in rural than in urban areas.
- Improving access to quality schooling for children: Literacy and skilled labour force are crucial determinants of long term social progress. For instance, secondary school enrolment was only 52 percent in 2003. I urge the OIC fraternity that we should set a target of universalising both primary as well as secondary education. The target should be to provide basic education which would prepare our youth for future employability while instilling Islamic values.
- Mainstreaming Women: Prevalence of poverty is also related to low level of participation of women in the development process. Of the 1.3 billion poorest people in the world, 70 percent are women. Women comprise of two thirds of the poor in the OIC countries. Therefore, mainstreaming women in economic development within the context of Islamic values is central to any strategy for poverty reduction and social development.
- Reducing health related Vulnerability of the Poorest: Improving the quality of life of our people requires that major health related problems are urgently addressed, such as child mortality, maternal health, communicable diseases, access to safe drinking water and sanitation. For instance, under 5 mortality rate in IDB member countries stood at 92 per 1,000 live births, which is higher compared to the average for developing countries. Our workforce generally live and work in highly polluted areas further compounding the health problems. The poor are hardest hit by environmental damages.

- Reducing Youth Unemployment: High levels of youth unemployment are common in many OIC countries. According to the most recent available data, countries in the Middle East and North Africa region had the highest level of unemployment in the world in 2003. In developing countries, unemployment rate among youth was more than three times that of adults. Generally, the issue of un-employability of the youth is related to the lack of access and poor quality of education. Long term youth unemployment has serious repercussions in terms of lost economic opportunities, violence, crime and other social ills. Another paradox is that the best young talents are lured abroad which represent brain drain and loss of highly skilled workforce.

Excellencies, Brothers and Sisters,
In order to bring about just and equitable societies, many IDB member countries need to embark on implementing a sound Social Development Strategy which empowers people, brings about gender equity, reforms public institutions which would be more inclusive and accountable. As I stated earlier, the goal of implementing such a Social Development Strategy must be to meet the needs and priorities of poor people, mitigate their vulnerability, exclusion and isolation, and improve their access to social justice. At this stage, it will be valid to raise the question: how to engender economic growth and implement a Social Development Strategy which is sustainable?

I believe that addressing such a challenge is not difficult at all because Allah Subhana wattaltah has endowed many IDB member countries with (i) adequate human capital, physical infrastructure and financial resources; (ii) best practices to learn from around the world; and (iii) development institutions at the OIC level whose mandate is to foster the socioeconomic development. What is required is for relatively developed member countries to constantly seek ways of assisting the less fortunate. It is our moral and religious duty to help each other, so that we can share the prosperity, not the poverty.

In accelerating the social development, we need to target the most vulnerable groups and regions whose dire conditions results from poor human capital and lack of economic opportunities. Masha'Allah this year's Nobel Laureate, our brother Prof. Muhammad Younus from Bangladesh, has not only made us proud but demonstrated through concrete actions how to carry out the mission of social and economic progress of the poorest of the poor under the most challenging conditions. Your institution, the IDB Group, has in the past benefited from the advice of brother Prof. Muhammad Younus and we will Insha' Allah continue to benefit from the experience of Garmeen Bank by encouraging the spread of microfinance institutions and mainstreaming women in the social and economic development process, particularly in the Sub Saharan Africa region.

I would like to highlight the efforts that your institution, the IDB Group, is exerting to support sustainable economic development and social progress through several initiatives in its member countries. The IDB Group gives high priority to those sectors which have significant contribution in the economic development of its member countries. In this context, social development remains a key priority in the Bank's programme. The Bank's development assistance is mainly conducted through (i) Trade and Project financing; (ii) Technical Assistance; (iii) promoting inclusive Islamic financial sector, including microfinance institutions, and mainstreaming other propoor Islamic institutions of Zakah and Aqwaf; and (iv) participating in various multilateral initiatives and programmes in the area of social development. Development programmes and activities of the Bank aim at alleviating poverty and improving the quality of life in major sectors such as health, education, employment, and rural infrastructure aimed at improving livelihood opportunities of the poor, and to provide them with better access to basic and essential services. Up to the end of 1426H (20052006), the IDB Group had approved 1,518 projects amounting to about $16.2 billion to foster economic growth and social progress in its member countries. The cumulative assistance provided by the Bank to education and health sectors in member countries totaled $1,486.96 million and $945.67 million.

Excellencies, Brothers and Sisters, In order to further enhance the development effectiveness of our programmes and activities, your institution has recently implemented new initiatives which allow the Bank to delineate new role as facilitator in fostering economic development and social progress in its member countries. Kindly allow me to briefly highlight some of the major initiatives:

The IDB Governors, in October 2002, issued a Declaration on IDB Group Cooperation with Africa within the framework of the New Economic Partnership for Africa (NEP AD). Under this Declaration, the IDB pledged to attain a financing target of US$2 billion over a five year period from 1424H to 1428H (20032007). So far, the IDB Group has achieved 60 percent of the target and approved several socioeconomic projects which are designed to (i) reduce poverty; (ii) place African countries, both individually and collectively, on a path of sustainable growth and social development; (iii) halt the marginalization of Africa in the globalization process and enhance its full and beneficial integration into the global economy; and (iv) mainstream women in the development process.

In December 2004, under the able guidance of Pakistan and Malaysia as well as 16 other OIC countries, the Bank launched "Capacity Building Programme for OIC Countries" which aimed at improving the economic performance and implementing poverty alleviation projects in key areas. Phase 1 of the Programme is under implementation in four countries while, under Phase 2, projects will be launched in 8 countries.

In December 2005, a landmark OIC Summit was held in Makkah Al Mukarramah, which also approved a Ten Year Programme of Action to meet the challenges facing the Muslim Ummah in the 21st century. The Programme gives the mandate to the IDB to establish an IDB Poverty Alleviation Fund. As you are well aware relatively developed OIC countries now have an opportunity to make generous contributions to the Fund, which will also demonstrate Islamic solidarity among member countries. I am privileged to report that the Kingdom of Saudi Arabia and Kuwait have already announced generous contributions to the IDB Poverty Alleviation Fund, which upon its establishment in the near future Insha' Allah will help our less fortunate brothers and sisters who are living under dire conditions.

As part of our efforts to become more relevant to the emerging economic and social challenges, the "IDB 1440H Vision" was adopted by the IDB Group in September 2005. This Vision presents a roadmap for the IDB Group to address emerging challenges in the areas of achieving human development, assist member countries to achieve sustainable economic growth, promote effective and accountable institutions, strengthening peace and stability in the Islamic world. Accordingly, your institution is currently undertaking internal reforms in order to remain relevant to the needs of member countries.

Excellencies, Brothers and Sisters, As the challenges of social development are homegrown, I would venture to suggest that formulating sound Social Development Strategy requires wide ranging consultation with all stakeholders. I would urge the leading businesspersons present in this august gathering to reflect on how to further strengthen the role of the private sector in promoting social development through establishing or supporting social business enterprises, and transferring their best practices to the activities of community based organizations.

Finally, let me reiterate that the IDB Group, on its part, stands ready to support initiatives aimed at alleviating poverty and promoting development of our societies where people can dream of a future based on our own cultural and Islamic values and, for the present, have equitable economic opportunities to viably struggle for living a better social and economic life.

I pray that the second meeting of the World Islamic Economic Forum achieves its objectives and leads to concrete solutions for the future social and economic development of our countries.

I thank you for your kind attention.

WassalamoAlaikum Warhmatullah Wabarakatuh

WIEF 2nd Session, 5-7 November 2006

ADDRESS BY DR SALMAN SHAH, ADVISOR TO PRIME

MINISTER ON FINANCE, ECONOMIC AFFAIRS DIVISION AND STATISTICS

Vote of Thanks at the conclusion of the 2nd Session of the World Islamic Economic Forum (WIEF)

Bismillah hir Rahman nir Raheem
Excellencies, dignitaries, ladies and gentlemen,
Asslamulaikum
It is my honour and privilege and I might add a pleasant duty to give a vote of thanks to all those who have contributed in making the Second World Islamic Economic Forum a great success. I would like to thank Prime Minister Badawi of Malaysia, former President of Sri Lanka Ms Chandrika Kumaratunga, former Prime Minister of Australia Mr Bob Hawke, Dr. Ahmed Mohammad Ali President Islamic Development Bank and the many distinguished speakers, panelists, moderators and participants from all over the world whose outstanding contributions made the discussions so fruitful and illuminating.

Our thanks go to The World Islamic Forum Foundation, ably led by its Chairman Tun Musa Hitam and other associates who collaborated in the organizing of the event, including the Asian Strategy and Leadership Institute, the Islamic Centre for Development of Trade, Islamic Chamber of Commerce and Industry. Minister Hina Khar, the Economic Affair Division, and the Ministry of Foreign Affair of the Government of Pakistan, deserve our collective appreciation for organizing this mega event.

We recognize the outstanding presentations, discussions, contributions and interaction between the opinion leaders and elite of the Muslim World which Islamabad was privileged to host during the past three days.

The Islamic World is beset with many challenges, not the least among them is the onerous challenge of channelizing the boundless energies which Islam instills in its followers towards enterprises and activities which improve the wellbeing of the Ummah.

From this perspective the focus on "Unleashing the potential of emerging markets" was very appropriate and timely.

The agenda for the future stemmed naturally from the first session of the World Islamic Forum held in Kuala Lumpur Malaysia, this agenda was further refined and spelt out in the opening plenary session of the Islamabad forum. President Musharaff s call for refoms of the Islamic organizations, development of our industrial potential, Prime minister Badawi' s focus on giving an economic focus to the activities of the OIC and Prime Minister Shaukat Aziz vision of an Islamic Economic Union.

All these perspectives will bring together a unity of trade, Investment, economic and political cooperation initiatives within the Islamic world and

which will serve as the engine of growth of the Islamic world that will bring peace and prosperity for our children and the world at large.

I am confident that our deliberations will act as the launching pad of initiatives that will galvanize the latent energies of the Muslim World and would further synergize them with the broader potential of the emerging markets.

As the emerging markets organize themselves to capture their rightful place in the world economy, they have to compete with and benefit from cooperation with the well entrenched institutions of the developed world, who have during the past many decades captured vital competitive advantage and economies of scale. This will require implementation of a concerted strategic action plan to improve our institutions and companies both in the public and the private sectors on a grand scale.

The potential of opportunities in the Islamic world will multiply as the Islamic world moves towards improving its share of world production from around 6 percent of global GDP to 20 Percent in line with its demographic position. This will happen and in the process the lives of the Islamic people will reap enormous benefits.

Although many emerging markets have done exceedingly well, and countries like Malaysia abundantly demonstrate the progress that can be made by Muslim countries based on developing their human resources, the challenge that lies before us is to accelerate the process of integration and mutual cooperation that could help establish our own competitive advantages and economies of scale.

The biggest contribution of the second Session World Islamic Forum, in which we have participated, is that it has very successfully taken off from the good work done during the earlier meetings and has added newer dimensions to our collaboration and partnership.

Ladies and Gentlemen:

While we measure most of our achievements in material terms, the defining thrust comes from the world of ideas. This was the underlying message of Islam when it introduced the concept of Muslim brotherhood that cut across the confines of color, social status or geographic origin. Torch bearers of a religion of peace and harmony, we today face the challenge of a cascading progression of extreme ideas, as also an organized effort to stereotype the World of Islam.

The keynote panel discussion that also focused on countering this massive onslaught of negative ideas and propaganda. The discussion in which distinguished panelists included the President and the Prime Minister of Pakistan, as also the Prime Minister of Malaysia, brought out in precise terms the 'Challenges for Muslim leadership in a globalized world' and issues and solutions relating to improving our image on a global scale. This will have an

enduring influence on our future strategies.

It was extremely thoughtful of the organizers to include in the agenda Roundtables for Muslim Women and Young Entrepreneurs. The underlying theme of 'Business beyond borders' was explored through an indepth review of entrepreneurship in a global market place and issues involved in energy, infrastructure development, Investments, Tourism, as areas of top priority for the Muslim World and the leveraging of the global supply chain for own development.

The Forum brought together heads of governments, top business leaders, political elite, entrepreneurs, academia, intelligentsia and the civil society. A lot of useful activity took place on the sidelines of the formal sessions. This networking of people believing in a common cause will continue to anchor the mission of the World Islamic Economic Forum. I am sure that many new initiatives, joint ventures and collaborations will sprout form our interaction.

Ladies and Gentlemen:

It was an honour and a privilege for the Islamic Republic of Pakistan to host this event. I hope that our honoured guests enjoyed Islamabad's November weather and spitality arrangements were satisfactory.

Ladies and Gentlemen: I am sure all of you would join me in recognizing the vision of enlightened moderation the President of Pakistan HE General Pervaiz Musharraf put forth so sagaciously and courageously during these testing and challenging times for the people of Pakistan and the Muslim Ummah with which they so passionately identify. I also would like to thank the Prime Minister of Pakistan for his determined and dynamic efforts that _eek to translate the vision into reality.

Ladies and Gentlemen:

There are no short cuts to the reviving of the true spirit Islam, the glory of Ummah, or establishment of a Muslim Commonwealth. The main challenge is to follow up on the ideas that we have strung together and convert them into concrete actions and gains. Government of Pakistan would be very keen to contribute towards the process of converting ideas into action.

With these thoughts I would like to thank each one you ladies and gentlemen for your contribution towards making this event successful. To the honored guests who traveled from around the world to be with us for these eventful days we wish you safe journeys back home.

Thank you

WIEF 2nd Session, 5-7 November 2006

CLOSING SPEECH BY TUN MUSA HITAM, CHAIRMAN WIEF

It has been a few days of fruitful exchange of ideas and networking for all of us here today. We have been exposed to New perspectives on what constitutes entrepreneurship, new Ideas in business ventures, new ways in which we can all Collaborate for the common good, in different sectors of Telecommunications, infrastructure, energy and tourism.

What is particularly interesting is the fact that we learnt a Great deal about the qualities of a good entrepreneur. Namely that entrepreneurship is not primarily about Satisfying shareholders by maximizing profits regardless of The social cost, but rather engaging the stakeholders, the Community – the people who are affected by the nature of the Business. To be a good entrepreneur is to treat human beings With dignity. Many of our panelists touched implicitly upon The need of listening and according dignity and respect to People, be it your employees or those affected by your business Operations. Indeed, such are the keys to being a successful Entrepreneur.

This is a lesson on branding that is needed in the Muslim world, As was mentioned by the honorable prime minister Mr. Shaukat Aziz earlier yesterday. That is, that the attitude we have Towards our employees and people in society, the social Contribution that we make to create a better environment for All, heavily influences the image and thus, success of our Business. Thus, philanthropy and corporate social Responsibility are two pertinent discourses that we need to Emphasize for the Muslim world.

Another important point that i feel worth stressing is the need for the muslim world to integrate into the global enterprise family. The Muslim world cannot live in a void. We have to live in the context of our globalised world – to live in difference, be it of culture, tradition or religion. We have to get out of our comfort zone, venture into new horizons and experience new environments. We must not be afraid to take risks. If we fail, get up and try again, and fail, and try again. But never Abandon this process. Failure is the first step to success and success is a form of failure if you forget what your priorities should be.

And one of the best means of doing so is to brave ourselves to Collaborate with new people, of other cultures. By doing so, we shall gain tremendous social advantage and learn best Practices from other societies. We must try to avoid being Locked up in our own community, where we have access only to A single, and often unchangeable set of values.

These are indeed important lessons that we, the Muslim world, need to take heed of. But all this tantamount to nothing if no action-driven programmes are instituted after this forum. I apologize for being rather fussy, but I am a man of action. I refuse to allow our forum to turn into talk-shops with no concrete advances in the improvement of the Muslim world. I have made a solemn pledge in improving the state of the Muslim Ummah, it is my Umanah, and I will abide to that.

Two concurrent sessions were held yesterday on the WIFE young entrepreneurs roundtable and the WIEF Muslim women Roundtable. The objectives of these roundtables are to pursue the idea of establishing a global Muslim entrepreneur network, in order to facilitate information and trade exchanges between the young Muslims, and a training centre for women entrepreneurs, to enable Muslim women Entrepreneurs to be equipped with relevant competencies and skills. Both of these objectives would focus primarily on SMES. As a reliable engine of growth for the Muslim world.

As a result of these discussions, as written in the 2 WIFE Declaration that has been circulated to you earlier, we shall Vie to establish a global young entrepreneurs, and a training centre for SME cooperation. These ideas shall be rigorously pursued, followed up with specific and carefully designed action plans, and discussed further at the 3rd conference in Kuala Lumpur next may.

Last but not least, I hope that you will continue to support the noble cause of the WIEF, of creating a better society for the Muslim world and beyond. I am deeply grateful for your presence and contribution, deeply proud for the enthusiasm and rigour that you have demonstrated, and deeply honoured to be a chairman of such a promising and timely forum. I thank you once again, the government of Pakistan who have put tremendous effort in making this event a success, the Prime Minister of Malaysia, and all those organizations and individuals who have contributed to the cause of the WIEF hope to see you at the 3rd conference next year in Kuala Lumur.

WIEF 2nd Session, 5-7 November 2006

DECLARATION OF THE 2ND WORLD ISLAMIC ECONOMIC FORUM

WHEREAS, the Inaugural World Islamic Economic Forum was held in Kuala Lumpur in October 2005, the 2nd Forum was convened in Islamabad, The Islamic Republic of Pakistan from 5th to 7th November 2006.

RECOGNIZING that pragmatic and action-oriented programmes with effective implementation mechanisms within a well-planned time-frame will open new horizons for the Muslim Ummah,

- that sustainable economic cooperation and strong business partnerships enhance mutual respect and international understanding,
- that economic development, sustainable growth and wealth creation promote prosperity, social justice and peace,
- that the private sector is the primary engine of growth,
- that the World Islamic Economic Forum (WIEF) can contribute to the dialogue for the Muslim economic renaissance and efforts should be directed towards this mission.

WE, THE PARTICIPANTS:

(i) Reaffirm our support for the **World Islamic Economic Forum (WIEF),**

(ii) Reaffirm our support for the **World Islamic Businesswomen Network (WIBN),** its programs, achievements and specifically its plan to establish a **Training Centre for Women Entrepreneurs** which will equip them with relevant business competencies and skills,

(iii) Reaffirm our support for the **WIEF Islamic Education Task Force** and acknowledge its programs,

(iv) Acknowledge the signing of the following two MoUs:
- the provision of nursing and health sciences education initiated by the World Islamic Businesswomen Network (WIBN) task force and
- the enhancement of capacity building through international collaboration on research on vocational and technical training programmes initiated by the World Islamic Education Task Force (WIET)

(v) Support the development of a **WIEF Young Muslim Leaders Forum** and its proposed initiatives and recommend that it collaborates with other similar existing bodies,

(vi) Continue to facilitate **networking and strategic alliances** with non-Muslim businessmen to forge viable business partnerships thereby helping to contribute to international understanding, dialogue and peace,

(vii) Recommend close **collaboration and coordination** with the Islamic Chamber of Commerce and Industry and other similar organisations to ensure complementarity and non-duplication of efforts and activities,

(viii) Support the call of the OIC Secretary General to the business community to engage in the implementation of the OIC Ten-Year Plan.

We appreciate the importance of close co-operation with Governments in innovative Public-Private Partnerships, and support the statements made by H.E. President Pervez Musharaff,

H.E. Prime Minister Shaukat Aziz and H.E. Prime Minister Abdullah Ahmad Badawi, in particular for successful Muslim companies to invest more in the OIC countries and for OIC countries to allocate 0.01% of their GDP to establish centres of excellence and Human Resource Fund.

We call upon the Governments of OIC countries to:

(i) Provide fullest support to the World Islamic Economic Forum (WIEF) and its activities and programmes,

(ii) Continue to create a conducive environment for business, investments and economic growth through regular dialogues, consultations and smart partnerships with the private sector,
(iii) Provide an efficient framework to facilitate the movement of entrepreneurs, capital and trade flows within and between OIC countries,
(iv) Promote and intensify Islamic Banking, Finance and Insurance,
(v) Accelerate regional and sub-regional cooperation leading to the establishment of an Islamic Free Trade Area (IFTA).

We gratefully acknowledge the gracious hospitality of the Government of Pakistan in hosting the 2nd World Islamic Economic Forum (WIEF), thank H.E. President Pervez Musharaff for his fullest support and commend H.E. Prime Minister Shaukat Aziz for his personal initiatives in ensuring its successful outcome.

We also record our appreciation to the Prime Minister of Malaysia Dato' Seri Abdullah Ahmad Badawi for his continued support of the Forum as Patron of the WIEF Foundation and current Chairman of the Organisation of the Islamic Conference.

It is hereby also agreed that the 3rd Forum will be held in Kuala Lumpur from 7th to 9th of May 2007.

Finally, we call upon the Chairman of the Forum to submit this declaration to the OIC Secretary General.

Adopted on the 7th day of November 2006 in Islamabad, The Islamic Republic of Pakistan.

WIEF 2nd Session, 5-7 November 2006

ECONOMIC FORUM BEGINS TODAY

ISLAMABAD, Nov 4: The second session of the three-day World Islamic Economic Forum (WIEF) will open here on Sunday with the theme of "unleashing the potential of emerging markets".

The forum, being organised by the government of Pakistan and the Asian Strategy and Leadership Institute, is bringing together heads of state, business leaders, political elite, etc.

WIFE, founded in 2003 as the OIC Business Forum, is an independent organisation committed to improving the state of the Muslim communities by engaging leaders to shape the future world, ensure social and economic development and integrate Muslim communities into global economy. Renamed as WIEF in 2004, the forum has its secretariat in Kula Lumpur.

President Pervez Musharraf is scheduled to address the forum.

Prime Minister Shaukat Aziz, Malaysian Prime Minister Dato Seri Abdullah Ahmad Badawi, Sri Lanka's former president Chandrika Bandaranaike Kumaratunga, former premier of Australia Bob Hawke and Saudi Arabia's Petroleum and Natural Resources Minister Ali Al-Naimi will be other prominent participants of the forum.

The forum will discuss challenges facing the Muslim leadership, opportunities in infrastructure development, public-private partnerships, information, telecommunications outsourcing.

Organisers said that owing to its 'strategic' investment location and geopolitical role, Pakistan has emerged as an important player. They added that measures taken by the government such as economic reforms and privatisation process had created exciting opportunities for foreign direct investment in the country and boosted investor confidence, making Pakistan an ideal venue for the forum.

Dawn, 5 November 2006
<http://www.dawn.com/2006/11/05/top11.htm>

MUSHARRAF FOR MECHANISM TO RECONCILE MUSLIMS, NON-MUSLIMS

ISLAMABAD: President General Pervez Musharraf on Monday proposed the establishment of an international dispute mechanism to resolve the political issues of the Muslim and non-Muslim worlds.

President Musharraf proposed this at the World Islamic Economic Forum (WIEF) and urged the United States and the European Union (EU) to play active roles in solving the lingering Palestine issue, which is negatively affecting world peace.

"The Palestine issue has become the core issue of the Muslim world and has led to war in Iraq and Afghanistan," said Musharraf addressing the second WIEF on Monday on the topic of 'Challenges for Muslim Leadership in a Globalised World'. The president stressed the need for resolution of the Palestine, Kashmir, Iraq and Afghanistan issues as imperative to world peace, which, in turn, would guarantee economic development in the world.

Musharraf also stressed the importance of Muslim countries empowering women – both politically and economically – in their efforts to develop.

He said it was easy to tackle terrorism, but very difficult weed out the roots of extremism, adding that that extremism could be curtailed by resolving the Palestine, Kashmir, Iraq and Afghanistan issues.

The president also requested the EU to step forward and play an active role in resolving the political issues of the Muslim World.

Musharraf said that to solve its problems, the Muslim Ummah would have to adopt a path of enlightened moderation.

"We need to inform the world about the reality of Islam," he told the meeting, adding, "Semiliterate clerics who hold sway over the masses (have contributed) to the rise of extremism in the Muslim world as opposed to moderation. This is the unfortunate reality because this is the critical malaise which spawns terrorism." President Musharraf also called for an Islamic Economic Union and Islamic Fund to develop the economies of poor Muslim countries and also called for the restructuring of the Organisation of the Islamic Conference (OIC) and Islamic Development Bank.

When asked about the prospects of creating the Islamic Economic Union, Musharraf said that every Muslim country needs to individually introduce good governance and economic reforms and then to initiate collective reforms, including social, economic and administrative reforms. According to Musharraf, this would precede the establishment of an Islamic Economic Union, which would play an active role in the economic development of the Muslim world.

After President Musharraf's address, a discussion was held among the panellists. Malaysian Prime Minister Abdullah Badawai said that he agreed with President Musharraf on the setting up of an effective international dispute resolution mechanism to solve issues such as Palestine, Iraq and Afghanistan. He also underscored the change in office of the OIC and called for an OIC effective role in resolving the issues of Muslim countries.

Prime Minister Shaukat Aziz said that leadership and commitment were the key to success in strengthening economies. He said also that reforms take time to be implemented and that this process moves on. Former Australian Prime Minister Bob Hawk said that unless the Palestine issue is resolved, no peace could prevail.

Daily Times, 7 November 2006
<http://www.dailytimes.com.pk/default.asp?page=2006\11\06\story_6-11-2006_pg7_2>

PM Proposes Islamic Economic Union

ISLAMABAD: The three-day second World Islamic Economic Forum (WIEF) kicked off here on Sunday with the resolve to come up with a comprehensive economic strategy to erase the challenges hindering a Muslim economic renaissance.

Prime Minister Shaukat Aziz, the architect of the ongoing economic reforms in the country,

came up with an action plan at the inaugural ceremony of the Forum, proposing an 'Islamic Economic Union' by entering into multilateral free trade agreements as well as promoting free flow of capital, labour, goods and services among the Muslim countries.

Prime Minister of Malaysia Abdullah Ahmad Badawi said on the occasion that Muslim countries should go for integrated trade and investment not only globally, but also internally. He said Muslim countries needed to compete in global markets with competitive cost of doing business through efficient and skilled human capital and good governance.

"To break the vicious cycle of poverty in the Ummah, we need to develop infrastructure, telecommunications, skilled and efficient human resources to strengthen our economies," he said, adding that good governance also played a vital role in making economies strong. He said that there is a need to bridge the gap between rural and urban societies.

Badawi stressed the need for utilisation of modern technologies particularly in the fishing and agriculture sector. He also said that the sectarian divide should come to an end. Prime Minister Aziz said the Islamic countries' eventual goal should be to create an Islamic Economic Union towards which "we can begin by entering into multilateral free trade agreements as well as promoting the free flow of capital, labour, goods and services". He said: "We can also create a world class capital market to attract international capital which would enable us to finance our growth and development."

The action plan proposed that OIC and IDB be repositioned and reinvigorated keeping in view the changing demands of the time. He said: "We should evolve an effective dispute resolution mechanism to resolve our issues and problems and put in place a sound framework for mutual cooperation."

To achieve the Muslim economic renaissance, the premier stressed the need to promote unity and broaden economic relations. Shaukat said with a growing population and depleting resources in the world, such intra-Islamic cooperation is becoming increasingly important for ensuring energy security, water security and food security.

He also proposed that maximum focus be ensured on education and catching up in the field of science and technology. He said that skill development through vocational training should receive a high priority to equip our workforce with capabilities, which are in demand in national and international markets.

"We must evolve a comprehensive growth model to provide a strategy for balanced development. Moreover, we should provide for sharing of financial and commodity surpluses through institutional mechanisms driven by public-private partnerships."

The less endowed countries amongst us should develop absorptive capacity to make optimal use of scarce domestic capital and to benefit from cross-border flows." "Depending upon our individual comparative and

competitive advantage, we should try to specialize and carve out niches for ourselves in vital economic sectors such as energy, telecom, IT, banking, mining, agriculture, services and so on. We can thus create complementarities and by sharing best practices help each other to help ourselves."

He said the Muslim world is rich in human capital as well as physical resources and has immense potential for growth, progress and prosperity. "We constitute one-fifth of humanity and our people are intelligent, industrious and enterprising. Nature has blessed us with vast natural resources which include 70 per cent of the world's hydrocarbon reserves. The Muslim world is spread over a vast geographical expanse extending from Morocco to Indonesia and has a rich diversity of races, languages, cultures and people. Counter-pointing the richness and diversity of our resource base is an economic performance, which is not commensurate with our true potential. There is no doubt that some of the Muslim countries have made impressive progress. However, a vast majority of Muslims live in poverty and backwardness. Nearly 39% of the world's Muslim population lives below the poverty line. We make up 19 per cent of the world's population but only 6% of its income. Our share in global trade is barely 7-8 per cent, while only 13 per cent of our total trade is amongst ourselves. No Muslim nation is among the group of developed industrialized countries".

He said the new world order is characterised by economic integration, technological advancement, predominance of knowledge economy and diffusion of democratic ideas.

"This process has brought about three fundamental changes. Firstly, a new governance paradigm is emerging whereby the private sector is leading the process of economic growth and governments are assuming the role of policy-maker, facilitator, regulator and enabler.

Secondly, supra-national institutions are laying down the rules of the game and nation-states are called upon to operate within that framework. Lastly, and perhaps most importantly, buoyant expansion of global trade and capital flows as well as freer exchange of ideas and technology across the world provide vast opportunities for growth but at the same time pose serious challenges in terms of achieving better governance, higher efficiency and greater competitiveness.

He said that this is the kind of global environment in which we in the Muslim world have to position ourselves in our pursuit of economic resurgence. "The sooner we adjust to the ground realities of the new global order, the brighter our prospects of success would be."

Shaukat said the second biggest challenge facing the Muslim world is on account of insecurity emanating from disunity and dissentions within our own ranks. Such conflicts and disputes are not only sapping our energies and resources but also undermining our prospects of meaningful cooperation. Within Muslim countries, vertical divisions by way of social inequities are

nursing a sense of deprivation, while horizontal cleavages along ethnic, tribal and linguistic lines are a source of unrest.

There is a need for unity within and amongst ourselves in order to move forward and harness our economic potential. The growing divide between the Muslim world, the prime minister said, and the West, wrongly projected by some as a clash of civilizations, is another important challenge facing us. Public opinion in the western world is gripped by misperceptions about our faith.

Muslims in Iraq, Afghanistan, Palestine, Lebanon and Kashmir continue to face insecurity, death and destruction. Such is the nature and magnitude of the challenges facing the Muslim world in recent times. The most important response required of us at this critical juncture is to project the true spirit of the Islamic faith and to remove the cobwebs of prejudice and misperceptions, which hang around it. Islam as a way of life enshrines the values of moderation, tolerance, justice and interfaith harmony.

The prime minister said Islam accepts the reality of change and embodies a lucid awareness of the perpetual movement of life. It lays down the principle of Ijtehad as a mechanism of interpreting the basic Islamic principles in terms of changing realities and requirements of life. The great poet-philosopher Allama Iqbal, in his monumental work 'The Reconstruction of Religious Thought in Islam', brings it out in no uncertain terms: "In the world of Islam, we have a universal polity whose fundamentals are believed to have been revealed but whose structure stands today in need of renewed power by fresh adjustments".

Dr Ahmad Mohammad Ali, President Islamic Development Bank, Jeddah said his bank stands ready to erase poverty in Muslim countries through various schemes. Tum Musa Hitam, chairman World Islamic Economic Forum Foundation and former deputy prime minister of Malaysia also spoke on the occasion.

Khalid Mustafa, *News*, 6 November 2006
<http://www.thenews.com.pk/arc_default.asp>

MUSLIM STATES MUST EMPOWER WOMEN AND FIGHT CORRUPTION: AZIZ

ISLAMABAD: Prime Minister Shaukat Aziz on Sunday urged Muslim countries to fight corruption, set up good governance and empower women in order to achieve economic development.

Aziz was speaking at the opening of the World Islamic Economic Forum (WIEF), an organisation aimed at promoting trade and business ties among members of the 57-nation Organisation of Islamic Conference (OIC).

He proposed a nine-point action plan for Muslim economic renaissance and for the promotion of unity among the Muslims. Aziz said the growing divide between the Muslim world and the West, wrongly projected by some as a clash of civilisations, is an important challenge facing the Muslims. Elaborating the direction towards a Muslim economic renaissance, Aziz said that it must consist of several integrated and calibrated measures, including evolving an effective dispute resolution mechanism, to resolve issues and problems and to provide a sound framework for mutual cooperation between Muslim countries.

Aziz stressed the need to enhance intra-Islamic economic cooperation to ensure the security of energy, water and food. Aziz said although Islamic nations control 70 percent of the world's hydrocarbon reserves, nearly 40 percent of Muslims still live in poverty and Islamic states together account for less than eight percent of world trade. "We need to ensure political stability and continuity, good governance, transparency and accountability," Aziz said. Aziz underlined the need for Muslim states to empower women. He said Pakistan has taken steps to promote women's role in society, citing their admission to the air force as fighter pilots as an example.

He also emphasised the need for undertaking necessary political, economic and social reforms to harness individual and collective potential. Aziz said that OIC countries should share financial and commodity surpluses through institutional mechanisms driven by public-private partnerships. "Our eventual goal should be to create an Islamic Economic Union towards which we can begin by entering into multilateral free trade agreements as well as promoting the free flow of capital, labour, goods and services," he said. He stressed the need for repositioning and reinvigorating the OIC and the Islamic Development Bank and said that Pakistan would play its role in promoting trade relations among the Islamic countries by using its strategic geographical location.

Malaysian Prime Minister Abdullah Badawi called for strengthening economic cooperation among Muslim countries to achieve the goal of economic progress and prosperity.

In his welcome address, WIEF Chairman Tun Musa Hitam said that WIEF aimed at improving trade and economic connectivity among the Muslim countries.

Daily Times, 6 November 2006
<http://www.dailytimes.com.pk/default.asp?page=2006\11\06\story_6-11-2006_pg7_2>

Economic Links Among Muslim States Urged

ISLAMABAD, Nov 5: The World Islamic Economic Forum (WIEF) began here on Sunday with the resolve to restore the image of Islam and Muslims in the globalised world and integrate their synergies for economic renaissance to have a respectable say in international politics.

The theme of inaugural speeches of Prime Minister Shaukat Aziz and his Malaysian counterpart Abdullah Ahmed Badawi at WIEF's second session was almost the same. It revolved around the need for Muslim renaissance and unity and called for joint efforts to remove misperceptions in the West about Islam and its followers.

The two leaders asked the international community to address the root cause of terrorism to make the world a better place to live. They shared views for revitalisation of the Organisation of Islamic Conference (OIC).

Islamic Development Bank president Dr Ahmed Mohammad Ali emphasised the need for joint efforts for reducing poverty, improving the conditions of people and bringing women into the mainstream society.

Mr Badawi said the challenge before the Muslim world is to confront the "ugly realities" of the present situation and it must restore the image of Islam and Muslims.

"We must strive for a renaissance of the Islamic civilisation. We must recover the hallmarks of that civilisation which is peace, prosperity and dignity and this quest for international respect and dignity must begin at home."

He said that Muslims' battle fronts were not only economic and political but it was also a crucial struggle to transform the mindsets to instil in people the correct understanding of Islam.

"We must make our people realise that because of our lack of capacity, compounded by our lack of unity, Muslim nations are often left on the periphery of the global order. Although we are big in numbers, we have little influence in world affairs and (are) accorded little respect in the international community of nations."

The Malaysian prime minister said that Islamic countries should cooperate with each other on international economic issues, enhance unity in political matters and must be competitive and efficient producers of goods and services.

He said the OIC's 57 members had less than 5 per cent of the total GDP and 31 of them were classified as least developed, low-income countries while their internal trade represented only 6-7 per cent of total global trade.

He urged the Muslim countries to reduce poverty and help other Islamic nations to come out of poverty by removing weaknesses and vulnerabilities. Secondly, they should forge greater unity among themselves. Thirdly, they should work for removal of antagonism existing between the West and the Muslim world.

This, he stressed, was not only the biggest challenge in the world but the biggest crisis facing the Muslim nations. Muslim nations have been

humiliated by the hegemonic tendencies of global powers as exemplified by the subjugation of Palestine, Afghanistan, Iraq and Lebanon and Muslims should remove the equation of Islam with terrorism.

He said that the Muslims must secure the economic clout to be able to wield political influence, for which Islamic countries possessed necessary potential in the form of 1.25 billion population and about 70 per cent of global energy.

Prime Minister Aziz said that public opinion in the western world was gripped by misperceptions about Islam while "Muslims in Iraq, Afghanistan, Palestine, Lebanon and Kashmir continue to face insecurity, death and destruction." He said the world community had a responsibility to remove the causes of injustices and frustration so that a lasting solution to extremism and terrorism could be found.

He presented a seven-point agenda, including a proposal for the creation of an Islamic Economic Union, as a first step towards integrated and calibrated efforts for Muslim economic renaissance and entering into multilateral free trade arrangements.

Mr Aziz said that vast majority of Muslims lived in poverty and backwardness. Nearly 39 per cent of the world's Muslim population lived below the poverty line and although it made up 19 per cent of the world's population, it made up only 6 per cent of its income.

He said that Muslims' share in global trade was barely 7-8 per cent, while there was only 13 per cent of total trade among the Muslim nations. No Muslim nation is among the group of developed industrialised countries, he pointed out.

He said that Muslims should evolve an effective mechanism to resolve issues, put in place a framework for mutual cooperation to promote unity within the Islamic countries and broaden economic relations.

The Islamic countries, he said, must undertake political, economic and social reforms to create an enabling environment for harnessing individual and collective potential. They must ensure political stability and continuity, good governance, transparency and accountability as well as consistent economic policies and improved delivery of social services, especially in health and education.

He asked Islamic nations to catch up with the West in the field of science and technology. Skill development through vocational training should receive priority to equip workforce with capabilities which are in demand in national and international markets.

Mr Aziz also called for evolving a comprehensive growth model to provide a strategy for balanced development and for sharing of financial and commodity surpluses through institutional mechanisms driven by public-private partnerships.

Dawn, 6 November 2006
<http://www.dawn.com/2006/11/06/top3.htm>

MUSHARRAF URGES PALESTINE, KASHMIR SOLUTION

ISLAMABAD: President Gen Pervez Musharraf has called for establishment of an effective international dispute resolution mechanism to solve political issues of the Muslim world and asked the United States and the European Union to play their role in resolving the lingering political issue of Palestine that has held hostage the world peace.

"The Palestine issue has become the core issue of the Muslim world, which has led to war in Iraq and Afghanistan," he said, while addressing the second World Islamic Economic Forum here on Monday.

After the president's address on the topic of 'Challenges for Muslim Leadership in a Globalised World', a live and fruitful discussion was held among the panellists, comprising President Musharraf, Malaysian Prime Minister and OIC Chairman Abdullah Ahmad Badawi, Prime Minister Shaukat Aziz, former prime minister of Australia Bob Hawke and former president of Sri Lanka Chandrika Bandranaike Kumaratunga.

In his inaugural remarks, Musharraf stressed that the resolution of Palestine, Kashmir, Iraq and Afghanistan issues was imperative to harness peace, which guaranteed the economic development of the world.

He said that it was time for Muslim countries to ponder that all the troubles such as suicide bombings and terrorist activities were being carried out by extremist Muslims. "This way the perpetrators as well as sufferers are the Muslims."

He said extremism is the key issue to be address in a holistic manner as extremism generates terrorism. "It is easy to tackle terrorism, but it is very difficult to weed out the roots of extremism. However, extremism can be curtailed by resolving the main political issue of Muslims such as Palestine, Kashmir, Iraq and Afghanistan," he added.

The president exhorted the European Union to come forward and play its role in resolving burning political issues, concerning the Muslim world. He said EU's intervention might bear fruit as the level of acceptance of the EU is more in the Ummah, if compared with the US.

Musharraf said in order to seek solution of the problems, the Ummah would have to adopt the path to enlightened moderation. The Muslim world must correct Western misperceptions created by "semiliterate clerics" about Islam.

"We need to inform the world about the reality of Islam. Semiliterate clerics who hold sway over the masses contribute to the rise of extremism in the Muslim world as opposed to moderation. This is an unfortunate reality because this is the critical malaise which spawns terrorism. These radical clerics reinforce the Western misperception that Islam as a religion believes in militancy and intolerance," Musharraf said.

The president called for revision of the curriculum to remove Western misperception about Islam and introduction of genuine Islamic teachings under moderate Islamic ideology. He also called for Islamic Economic Union and a Islamic fund to develop the economies of the poor countries of Muslim world.

When asked about the prospects of creating the Islamic Economic Union, Gen Musharraf said every individual Muslim country needs to introduce good governance and economic reforms on its own, followed by initiation of collective reforms including social, economic and administrative. Then, a stage will come for the establishment of Islamic Economic Union, which will play a real role in economic development of the Muslim world.

He said every government is bound to go for the welfare and uplift of its masses. Most of the Islamic courtiers are agrarian societies and they need to better their agriculture products by using modern technologies. He also urged them to develop textile industry. The Muslim countries, which have developed their agricultural sector, need to jump over to industrial and engineering regimes to further develop their economies.

In the world's economy, textile share stands at six per cent, whereas engineering and individual goods share stands at over 61 per cent and the Muslim countries need to increase their share in engineering and industrial economy of the world.

He said Pakistan is also focusing on growth of industrial and engineering sectors to increase its share in the world economy and for this universalised education is needed. "We are focusing on high education to produce PhDs, world-class engineers and graduates for sustainable development of industrial and engineering".

He said the government is going to set up nine world-class engineering universities in the country to achieve the goal. "We are also focusing on technical, institutional and skill development at schools to have best human resources in the country".

Malaysian Prime Minister Abdullah Badawi agreed with President Musharraf's proposal for setting up an effective international dispute resolution mechanism to solve issues like Palestine, Iraq and Afghanistan.

He said the biggest challenges to the Muslim world are poverty, illiteracy and sense of deprivation, which need immediate attention. He also underscored the change of office of the OIC and called for its effective role in resolve the problems of the Muslim countries. He said some of the Muslim

countries have good governance besides natural resources, but most of the Islamic countries did not have both owing to which they are experiencing poverty and unemployment.

Prime Minister Shaukat Aziz said sincere leadership and commitment was key to success in making a country's economy sound and strong. He said reforms take time to be implemented. He said in Pakistan the first phase of economic reforms has been implemented and now is the phase of second-generation reforms. He urged the need for ensuring the provision of a level playing filed and enabling environment to allure investment.

Former Australian Prime Minister Bob Hawke said unless the Palestine issue gets resolved, no peace will prevail. A solution of this problem alone can guarantee economic development of both the world and Muslim countries, he added. He said there is no economy of Palestine and the US needs to take steps to create Palestine economy.

He said the emerging economies are witnessing fastest growth in the world if compared with the developed countries. But the share of Muslim countries in the fast growth in emerging developing countries is not up to the mark. He mentioned that China and India are really playing substantial role in the fast growth of emerging countries in economic landscape.

He said developed countries are not sharing their economic benefits with the poor countries. He termed the Malaysian economy as a success story. Former Sri Lankan President Chandrika Bandranaike Kumaratunga said that Muslim world do not need to look towards the US to establish Palestine economy, rather it should establish Islamic Fund with an aim to develop the economies of poor Islamic countries including Palestine.

Khalid Mustafa, *News*, 7 November 2006
<http://www.thenews.com.pk/arc_default.asp>

NEED STRESSED TO VITALISE OIC: CALL TO STRENGTHEN ECONOMY, PROMOTE TRADE

ISLAMABAD, Nov 6: President Gen Pervez Musharraf on Monday called for restructuring the Organisation of Islamic Conference (OIC) urgently which he said was "the only way forward for socio-economic uplift" of its 57 member countries.

President Musharraf told delegates to the 2nd World Islamic Economic Forum that religious extremism and intolerance in Muslim societies were blocking their political and economic development.

"What eclipses the Muslim world is the unfortunate reality that radical clerics are reinforcing misconception that Islam is an intolerant religion," he said, stressing that the two ills must be removed through individual and collective efforts.

Malaysian Premier Abdullah Ahmed Badawi, Prime Minister Shaukat Aziz, former Australian premier Bob Hawke and former Sri Lankan president Chandrika Kumaratunga, participating in a roundtable discussion, said the Muslim world must achieve economic and political strength before calling upon the United States and its western allies to resolve disputes of Iraq, Palestine, Afghanistan and Kashmir.

President Musharraf said that one of the reasons of poverty, economic depreciation and illiteracy in the Muslim world was the lack of education. He pointed out that the entire GDP of 57 Muslim countries was less than the GDP of Germany alone.

"We are suffering from political alienation which is leading to helplessness, and the international quality media is nonexistent in the Muslim world," he said, calling for the Islamic world to have a first class media to correct misperception about Islam. He called for projecting true values of Islam.

Muslim countries, he said, were also suffering from poor governance and they must ensure improvement in living standard of their people through moderation and modernisation and not through westernisation.

He said the Muslim countries would have to go for liberalisation and privatisation to integrate with the globalised world.

Gen Musharraf said that the OIC must be restructured and intra-OIC members trade and investment enhanced to augment the development process.

He said that OIC's restructuring was imperative to meet challenges of extremism and terrorism and for resolution of political disputes affecting the Muslims.

He underlined the need for setting up departments of trade, education and Islamic thought for making OIC a vehicle of socio-economic change.

Gen Musharraf called for establishing a fund in the OIC to help the least-developed Muslim states and urged them to contribute 0.02 per cent of their GDP to the fund.

"This would mean about $200 million, out of the total $2 trillion GDP of the Muslim world and Pakistan would instantly contribute its $11 million share in this fund," he announced.

He asked the OIC and the Islamic Development Bank to work in synchronisation to ensure socio-economic development in the Muslim countries.

He warned that without developing strong industrial base, Muslim countries would never be able to

ISLAMABAD: Former prime minister of Australia Bob Hawke, Malaysian PM Abdullah Ahmed Badawi, President Pervez Musharraf, Prime Minister Shaukat Aziz and former Sri Lankan president Chandrika Kumaratunga listen to a speech at the second World Islamic Economic Forum here on Monday.—Dawn

transform themselves into developed nations.

He said Muslim countries should go for gradual transformation from agrarian to industrial societies.

Gen Musharraf said that Muslim countries should empower their women — both politically and economically – as part of efforts to develop.

"We need to mainstream and empower the women in the Muslim world. They constitute 50 per cent of the population, generally. We must empower them politically and economically, but it's easier said than done. We need to develop their capacity, first of all."

He noted that extremism was on the rise which was spawning terrorism. He said that lack of socio-economic development, poverty, unemployment, absence of modern education and political disputes affecting the Muslims were fuelling extremism.

He urged the key world players, particularly the United States and the European Union, to help resolve political disputes affecting the Muslims in a just manner. He said these disputes lay at the heart of extremism and terrorism.

He said the Palestine dispute must be resolved now otherwise the turmoil in the world would never cease.

He said his strategy of enlightened moderation was a way forward which calls upon the Muslims to reject extremism and terrorism and go for socio-economic development.

He said his strategy also urges the West to fulfil its responsibility for a durable peace in the world.

He asked the developed nations to make available their mandatory contribution of 0.7 per cent of their GDP for socio-economic development of the less-developed nations under the UN Millennium Development Goals.

Malaysian Prime Minister Badawi stressed the need for exchanging expertise and know-how to exploit natural resources and tap potential of the Muslim countries.

He said that oil-rich member countries should assist the least-developed Muslim countries economically.

He called for resolving political disputes, especially Palestine, to end extremism and terrorism and supported President Musharraf's strategy of enlightened moderation.

Prime Minister Shaukat Aziz said the government had undertaken economic and political reforms which had helped Pakistan made economic progress. The government, he pointed out, was providing level playing field to local and foreign investors and had adopted a liberal privatisation approach to spur economic growth.

"Pakistan has been able to bring down poverty from 34 per cent to 24 per cent," he said but added that much more needed to be done in this regard.

Mr Hawke, the former prime minister of Australia, underscored the need for sharing the benefits of economic growth. He said Pakistan had vast resources which must be utilised effectively for economic development.

He highlighted the importance of modern education in the socio-economic uplift saying it would be the best investment for the generations to come.

Former Sri Lankan president Kumaratunga said that equitable distribution of resources would help generate pace for economic progress and prosperity of people. In order to address the issues of extremism and terrorism, she said, political dispute resolution was imperative as there were no terrorism genes in any people.

Ihtasham ul Haque, *Dawn*, 7 November 2006
<http://www.dawn.com/2006/11/07/top1.htm>

WIEF ASKS OIC TO PAVE WAY FOR IFTA

ISLAMABAD *(updated on: November 07, 2006, 20:33 PST)*: The second World Islamic Economic Forum (WIEF) which concluded here on Tuesday called upon the OIC countries to provide full support to it for expanding business, investment and economic activities as well as co-operation in the Islamic countries.

The declaration of the WIEF adopted at the end of the Forum also called for accelerated efforts for increasing regional and sub-regional co-operation leading to the establishment of an Islamic Free Trade Area (IFTA).

It emphasised the OIC countries to continue their efforts for creating a conducive environment for business, investment and economic growth through regular dialogue, consultations and smart partnerships with the private sector.

The WIEF reaffirmed its support for the World Islamic Business-women network, its programmes, achievements and its plan to set up a training centre for women entrepreneurs.

It also reaffirmed support for the WIEF Islamic Education Task Force and acknowledged its programmes. The Forum supported the development of a WIFE Young Muslim Leaders forum and its proposed initiatives.

It recommended close collaboration and co-ordination with the Islamic Chambers of Commerce and Industry and other similar organisations to ensure complimentarily and non-duplication of efforts and activities.

The declaration expressed confidence that the implementation of Forum's recommendations would lead to the opening of new horizons for the Muslim Ummah which will result in sustainable economic co-operation, strong

business partnerships, enhance mutual respect and international understanding.

It also hopes that the activities of WIEF will pave the way for accelerated economic development, sustainable growth and wealth creation, promote prosperity, social justice and peace.

The declaration appreciated close co-operation of Pakistan government for holding the Forum and the statements made by President Pervez Musharraf, Prime Minister Shaukat Aziz and his Malaysian counterpart Abdullah Ahmad Badawi for forging new partnerships and promoting private sector's role in increasing investment in the Islamic countries.

It decided to hold third World Islamic Economic Forum at Kuala Lumpur, Malaysia from 7th to 9th of May 2007.

In his closing remarks, Chairman WIEF and former Deputy Prime Minister of Malaysia, Tun Musa Hitam described the Forum as a complete success in various ways hoping that it will open new ways of co-operation between Muslim countries their private sectors to promote investment and economic activities.

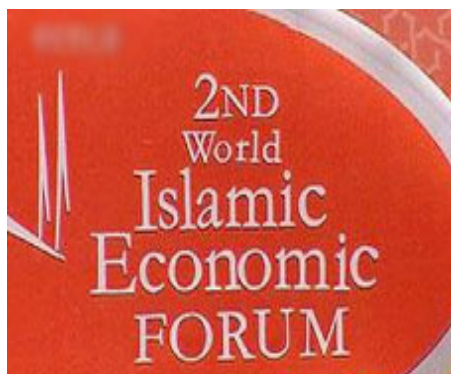
He hoped that will also help in enhancing collaboration between the Muslim countries in various sectors particularly trade, investment, agriculture and natural resources.

Expressing gratitude to the delegates, Advisor to the Prime Minister on Finance, Dr. Salman Shah expressed determination of Pakistan government for extending all possible support to the Forum for expanding business, trade, investment and economic ties among the Islamic countries and investors.

He said the Pakistan government will provide guidance to the private sector and other governments of the OIC countries to promote foreign direct investment and open their economies to attract more investment with a view to gain prosperity and generate employment opportunities for their people.

Over three hundred delegates from sixty-seven countries of the globe participated in the three-day Forum and presented suggestions to promote co-operation among the Islamic countries and their entrepreneurs for a prosperous Islamic Ummah particularly and the humanity in general.

Business Recorder, 7 November 2006, copyright PPI (Pakistan Press International)

FAITH-BASED TRADE?

A call by speakers on the first day of the World Islamic Economic Forum (WIEF) that Muslim countries need to cooperate with each other economically to set up a kind of an

'Islamic' trading bloc, as it were, needs to be examined carefully. In this context, the Malaysian prime minister's remarks that countries need to become efficient producers of goods and services is well worth heeding and acting upon but purely from an economic point of view, it is debateable to make commonality of religion or faith a criterion for trade with another country. In fact, the argument that Muslim countries should try and explore markets for their goods anywhere is borne out by the statistics that the visiting dignitary mentioned in his speech -- that the 57 member-states of the OIC have a combined gross domestic product that is a mere five per cent of the total global GDP and that (even more disturbingly) this figure is less than the annual output of a single European country -- Germany.

The fact of the matter is that any reasonably good economist would have told the gathering that the best way to improve trade prospects (and with it their respective GDPs, since increased exports are calculated as part of a country's annual output of goods and services) is to improve the efficiency and competitiveness of local firms, especially those that produce goods for export. Other aspects need to be looked into as well. A more basic issue that needs to be addressed is of quality and to see whether the goods that are being produced are indeed what the world wants to buy. Once this is taken care of, marketing comes into the picture and here potential buyers overseas need to be informed of all the trading opportunities that exist for them if they were to trade with a particular country. Of course, all this assumes that the goods also have significant value-addition and adhere to some kind of internationally-accepted quality standard. If all this happens, then a country won't have problems finding buyers anywhere for its goods. To say that all countries of a particular faith should trade between themselves does not make any economic sense really, especially since it doesn't take into account the real reasons why people buy goods of another country.

Editorial, *News* 7 November 2006
<http://www.thenews.com.pk/arc_default.asp>

WIEF TO HELP PAKISTAN ATTRACT MORE INVESTMENT

ISLAMABAD, Nov. 7 (Xinhua) -- A senior Pakistani official said the successful completion of the second session of World Islamic Economic Forum (WIEF) would help enhance investment in Pakistan, the state-run Associated Press of Pakistan reported Tuesday.

Pakistan is going to be an emerging economic power as it offers immense opportunities for investment in various fields, said Pakistani Minister of State for Economic Affairs Ms. Hina Rabbani Khar, quoted by APP.

Huge investment is expected in various sectors of economy in Pakistan from private sector of the Islamic world as WIEF will facilitate

contacts between world business tycoons and Pakistan entrepreneurs, Khar said.

The second session of WIEF, held in Islamabad from Nov. 5 to 7, has seen a gathering of some 500 political and business leaders from 57 countries.

Efforts of strengthening economic cooperation among the Muslim nations have been stressed during the WIEF conference, of which the theme is "Unleashing the Potential Emerging Markets and Business Beyond Borders".

Pakistani Prime Minister Shaukat Aziz and his Malaysian counterpart Abdullah Ahmed Badawi agreed in Islamabad on Nov. 5 on setting up of a Pakistan-Malaysia investment company to encourage investment in the two countries.

Yan Liang, *China View*, 7 November 2006
<http://news3.xinhuanet.com/english/2006-11/07/content_5301460.htm>

REFORMING THE MUSLIM WORLD

President Musharraf's appeal to the Muslim world to adopt the path of enlightened moderation needs to be heeded and followed in earnest. Of course, there is a problem even with his own government's failing to follow it all that closely but that is all for another day. However, on principle the advice is sound and needs to be followed by the Muslim world if it is to shed its image among non-Muslims. There is something else as well that he said during his address at the Second World Islamic Economic Forum in Islamabad on Monday, and that is with regard to the OIC's restructuring. That, too, is something worthwhile but for now it seems a distant -- if not unattainable -- possibility. The fact is that from Indonesia to Morocco to Jordan to Afghanistan, the Islamic world presents a dismal picture in terms of enlightenment, education moderation and democracy. There are islands of excellence -- such as Malaysia or tiny Brunei -- but they are more the exception than the rule. The 'rule' -- generally speaking -- is lack of education, a yawning gender gap, lack of democracy and of safeguarding of the basic rights of citizens, and autocratic and authoritarian rule.

To top this all -- as if this wasn't enough -- most Muslim societies seem mired in a conflict between the modern and the traditional, with many (following from reactionary responses) wanting to take their community back to an imagined glorious past but which is not practicable in the present. They are also handicapped by the presence of elements within them that have adopted a literalist view of faith -- ijtehad and interpretation of religion seems to be all but dead -- and see nothing wrong with forcing this rigid interpretation down everyone's throats. To make matters worse, the economies of most Muslim countries -- barring of course a few honourable

mentions -- are no roaring dynamos. Many are wracked by mismanagement and corruption (which knows no religion), and a singular lack of political stability and uncertainty. All of this is compounded by the tendency to blame everyone but ourselves for the ills and problems facing the Muslim world. Most people see everything as a conspiracy emanating from either Washington or Tel Aviv -- many people still earnestly believe that 9/11 was caused by the Israelis -- and paint Muslims as helpless poor victims. At the same time, ironically enough, those who speak against the west in this manner see nothing wrong in using its technology or the employment and living opportunities that it provides for their personal gain.

It seems that many Muslim societies seem dominated by things that in many other societies would be non-issues. There is a huge debate on wearing the veil or on attire in general, in Pakistan there is a huge controversy on the Hudood ordinances and many other religion-related topics tend to clog public discourse. Again, in many non-Muslim societies, these things remain in the private realm with citizens free to decide on them in their personal capacity but without violating all government laws. However, in these societies, especially where there are substantial Muslim minorities, conflict has cropped up of late -- a case in point being the whole veil controversy in Britain. Without taking sides in this debate, it has to be said that all religious beliefs need to be respected but that should come with the realisation that when one lives in a foreign country governed by its laws then the norm is to live in accordance with such laws. If a minority community wishes to have its own set of laws -- which is a perfectly valid demand -- then the approach should not be a refusal to integrate with the mainstream. The path lies in a political route that is assimilative not exclusionary or isolation in nature. It will allow the minority community to come into a position to influence law-making through possible election to parliament. Perhaps, this is an approach that Muslims living in western societies need to follow more.

As far as the OIC is concerned, for it to be transformed from a toothless, impotent giant into an organisation having the global clout it deserves by virtue of the strength of its membership is a daunting challenge. For one, the social, political and economic backwardness of the majority of its 53 members reflects on the organisation as a whole. Until the Muslim world turns a new leaf, and the OIC with it, a solution of the Palestine and Kashmir problems, which President Musharraf also called for at the forum, will remain a forlorn hope unless the Muslim countries also sort out their own disputes and realise that in unity lies perhaps their salvation.

News, 8 November 2006
<http://www.thenews.com.pk/arc_default.asp>

WIEF CALLS FOR ISLAMIC FREE TRADE AREA

Declaration stresses upon member countries to accelerate regional and sub-regional cooperation Forum can contribute to dialogue for Muslim economic renaissance

Islamabad—The 2nd World Islamic Economic Forum on "Unleashing the potentials of emerging markets" concluded here on Tuesday calling upon the member countries to accelerate regional and sub-regional cooperation leading to the establishment of an Islamic Free Trade Area (IFTA). Dato Dr.Michael Yeoh , Chief Executive Officer, World Islamic Economic Forum announce the adoption of the declaration at the conclusion of the 2nd three-day WIEF concluded here at the Jinnah Convention Center today. According to the declaration, the Inaugural World Islamic Economic Forum was held in Kuala Lumpur in October 2005, the 2nd Forum was convened in Islamabad, The Islamic Republic of Pakistan from 5th to 7th November 2006. It said recognizing that pragmatic and action-oriented programmes with effective implementation mechanisms within a well-planned time-frame will open new horizons for the Muslim Ummah. The declaration said that sustainable economic cooperation and strong business partnerships enhance mutual respect and international understanding that economic development, sustainable growth and wealth creation promote prosperity, social justice and peace. It further added that the private sector is the primary engine of growth.

The WIEF declaration said that the World Islamic Economic Forum (WIEF) can contribute to the dialogue for the Muslim economic renaissance and efforts should be directed towards this mission. It said that the participants reaffirmed their support for the World Islamic Economic Forum (WIEF).

It also reaffirmed support for the World Islamic Businesswomen Network (WIBN), its programmes, achievements and specifically its plan to establish a Training Centre for Women Entrepreneurs which will equip them with relevant business competencies and skills. The participants also reaffirmed their support for the WIEF Islamic Education Task Force and acknowledged its programmes.

The declaration also acknowledged the signing of two MoUs calling for provision of nursing and health sciences education initiated by the World Islamic Businesswomen Network (WIBN) task force and the enhancement of capacity building through international collaboration on research on vocational and technical training programmes initiated by the World Islamic Education Task Force (WIET), (v) Support the development of a WIEF Young Muslim Leaders Forum and its proposed initiatives and recommend that it collaborates with other similar existing bodies, (vi) Continue to facilitate networking and strategic alliances with non-Muslim businessmen to forge viable business partnerships thereby helping to contribute to international understanding,

dialogue and peace, (vii) Recommend close collaboration and coordination with the Islamic Chamber of Commerce and Industry and other similar organizations to ensure complementarily and non-duplication of efforts and activities, (viii) Support the call of the OIC Secretary General to the business community to engage in the implementation of the OIC Ten-Year Plan.

The declaration said "We appreciate the importance of close co-operation with Governments in innovative Public Private Partnerships, and support the statements made by H.E. President Pervez Musharaff, H.E. Prime Minister Shaukat Aziz and H.E. Prime Minister Abdullah Ahmad Badawi, in particular for successful Muslim companies to invest more in the OIC countries and for OIC countries to allocate 0.01 % of their GDP to establish centres of excellence and Human Resource Fund."

The WIEF declaration called upon the Governments of OIC countries to:

(i) Provide fullest support to the World Islamic Economic Forum (WIEF) and its activities and programmes,
(ii) Continue to create a conducive environment for business, investments and economic growth through regular dialogues, consultations and smart partnerships with the private sector,
(iii) Provide an efficient framework to facilitate the movement of entrepreneurs, capital and trade flows within and between OIC countries,
(iv) Promote and intensify Islamic Banking, Finance and Insurance,
(v) Accelerate regional and sub-regional cooperation leading to the establishment of an Islamic Free Trade Area (1FTA).

"We gratefully acknowledge the gracious hospitality of the Government of Pakistan in hosting the 2nd World Islamic Economic Forum (WIEF), thank H.E. President Pervez Musharaff for his fullest support and commend H.E. Prime Minister Shaukat Aziz for his personal initiatives in ensuring its successful outcome", it added.

The declaration said "We also record our appreciation to the Prime Minister of Malaysia Dato' Seri Abdullah Ahmad Badawi for his continued support of the Forum as Patron of the WIEF Foundation and current Chairman of the Organization of the Islamic Conference".

WIEF declared and hereby also agreed that the 3rd Forum will be held in Kuala Lumpur from 7th to 9th of May 2007.

Finally, "we call upon the Chairman of the Forum to submit this declaration to the OIC Secretary General", it added.

Meanwhile, Chairman World Islamic Economic Forum Foundation and former Deputy Prime Minister of Malaysia Tun Musa Hitam Tuesday stressed the need for integrating the muslim world into a global enterprise family because it would not live in void.

He said "We have to live in the context of our globalized world to live in difference, be it of culture, tradition or religion".

Chairman WIEF was speaking at concluding session of the World Islamic Economic Forum (WIEF) here today.

He said "We have been exposed to new perspectives on what constitutes entrepreneurship, new ideas in business centers, new ways in which we can all collaborate for the common good in different sectors of telecommunications,infrastructure, energy and tourism".

Entrepreneurship is not primarily about satisfying shareholders by maximizing profits regardless of the social cost, but rather engaging the stakeholder, the community, the people who are affected by the nature of the business, he added.—APP

Pakistan Observer, 8 November 2006

WIEF AND THE CHALLENGE OF ECONOMIC RENAISSANCE

OIC has 57 member states. Of these, 31 are classified as least developed and low-income countries and not even a single is considered as developed or industrialised. Of the 26 remaining states, most are developing and only a handful can be considered as emerging economies

The second World Islamic Economic Forum (WIEF) concluded its three - day deliberations on 7 November, 2006 in Islamabad on a positive note of establishing a free trade regime amongst the Islamic States and promoting Islamic banking, finance and insurance.

"Unleashing the Potential of Emerging Markets" was one of themes focused by the 250 foreign and 300 local business delegates who attended the forum. Among the many people present were the Malaysian PM, PM and President of Pakistan, President of the Islamic Development Bank (IDB) and many others.

WIEF is the successor to OIC Business Forum that first appeared on the scene in 2004. It was subsequently renamed WIEF and its third meeting will be held in Kuala Lumpur from 7th to 9th May, 2007. In fact Malaysia has a lot to offer in terms of kick starting an economic renaissance in the Islamic World, given the country's successful experience.

However, there are some questions that need to be answered and some realities that have to be understood before the process can actually be used as a tool to bring about an economic renaissance.

Economic Challenges

It is not difficult to define economic challenges faced by the Islamic World. The situation exists on ground and hence the challenges are real and quantifiable. But facing it because of its diversity and vastness makes it

somewhat formidable and that is the real challenge for political leaders, technocrats, businessmen, academics and the people. It is worth mentioning that OIC has 57 member states. Spread from Indonesia to Morocco, the total population comes to about 1.25 billion people. 70 per cent of global energy resources are located within the Islamic States, mostly concentrated in the ME, Gulf and Central Asian States.

However, despite being rich in resources, the overall region has very little in real economic terms and there are very few Muslim states that can be classified globally competitive. Conspicuous among them are Malaysia and the tiny Gulf states which are beginning to show sparks of entrepreneurship.

The 57 OIC member states collectively produce less than 5 per cent of global GDP that is valued at $42 trillion. Their GDP is less than the annual GDP produced by Germany whose population alone is less than one - fifteenth of the population in Muslim countries. Moreover, of these states, 31 are classified as least developed and low-income countries (LDCs) and not even a single is considered as developed or industrialised. Of the 26 remaining states most are developing and a few of them are emerging countries economically.

Moreover, intra-Islamic states trade is around 13 per cent and their share in global trade is 6-7 per cent. 39 per cent of 1.25 billion people or 480 million people live below the poverty line.

Most Islamic countries that faced the after effects of the neglect of colonial powers soon after WW-II have really measured up to the challenge of improving governance, giving impetus to economic growth and development, developing infrastructure and human resources and alleviating poverty.

The post-WW II period, spread over six decades, has been a period of varying experience of development among Islamic states and in fact had a positive impact on Muslim states located in the region. Malaysia is the finest example. The country under the leadership of its former PM Mahateer Muhammad scaled many heights of economic and human resource development and good governance. It is now moving ahead under the leadership PM Badawi.

Indonesia did make strides but its economic and human resource potential is yet to be fully developed. The political turmoil of the 60s and then again in the 90s sapped quite a bit of its energy and inhibited to optimise the gains that the country would have made otherwise.

In South Asia, Pakistan and Bangladesh - the two large Islamic states are struggling to have stable systems of governance and achieve sustainable high economic growth with improved prospects. They fall in the category of developing countries and their economic challenges are no less different from those of any developing country.

The Gulf and ME, on the other hand, are blessed with rich oil resources and have developed infrastructure with comparatively better per

capita income and surplus budgets but certainly their human resource and non-oil industrial output have been wanting for improvement.

The overall African continent has financial resource constraints, problems of governance and economic development and the Islamic states are no exception. In fact, that region is the worst hit.

The economic challenge for the Islamic World is really formidable because of its diversity and vastness. There are no easy solutions. The only ray of hope is that the more we talk about it, the greater are the chances of creating awareness about improving in the global economic village that is highly demanding and competitive.

Global Economic Challenge

Having scanned economic challenges faced by the Islamic World, one should look for solutions. This is what was exactly done during the WIEF's meeting in Islamabad. But understanding of economic challenges and suggested solutions to resolve it world remain incomplete and an effort in isolation unless the challenge was viewed in a global context. This goal post will give correct orientation to find practical solutions. There are different aspects of the global economy but a few of them - competitiveness, value addition, investment, harnessing new methodologies (for industrial products) and new technologies (for management) - are most conspicuous.

They, in them, encompass many facets of development. They are very demanding at the individual and collective level and require survival of the fittest.

The global economic challenge is basically a challenge of multi-nationals and of the corporate sector that flourished in rich industrialised countries during the post WW-II period on the US model. It is considered a reminiscent of the colonial era and of a mindset that considered state - managed economic development the ultimate solution to achieve economic growth, equitable distribution of wealth, employment and basic necessities for all.

The globalisation of economy during the past more than one and half decade has made adoption of corporate culture a must for economic growth. Its adoption by China, India and Pakistan and many other countries around the world has really made it the key to economic success.

Search for Solutions

PM Badawi pin-pointed the solution to economic challenge: "to break the vicious cycle of poverty in Muslim nations, we need to develop infrastructure, telecommunication, skilled and efficient human resources to strengthen our economics". The measures needed to adopt include, "establishing good governance and bridging the gap between rural and urban societies".

FDI plays a crucial role in solving these issues but then again the initiative to attract FDI has to come from the national governments. Investors, even if they were rich Muslim investors would hardly opt to invest in for reasons of faith if a country does not meet the specific meet criteria for investment.

Conclusion

The adoption of the declaration at the end of the WIEF to accelerate sub - regional co-operation leading to establishment of IFTA (Islamic Free Trade Area) is the first step in the right direction. Commitment of promoting Islamic banking, finance and insurance is also a right approach.

A lot of hard work and vision is required to translate the declaration with something real and concrete. It is generally said that where there is a will, there is a way.

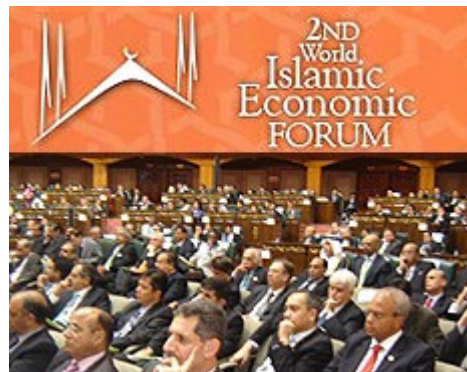
This declaration is the real test of will of the entire bloc and what now remains to be seen is will the leaders be able to carve out a place in the highly competitive global economy. One should stay optimistic about the outcome.

M. Sharif , *News*, 13 November 2006
<http://www.jang.com.pk/thenews/nov2006-weekly/busrev-13-11-2006/index.html#1>

WORLD ISLAMIC ECONOMIC FORUM COMES OF AGE IN ISLAMABAD

Influential business leaders across Muslim nations support formation of Islamic trade bloc, a young leaders network, and a business women network

Posted November 18, 2006

From November 5th to 7th 2006, Islamabad, Pakistan became host to more than 300 of the most influential business executives and governmental personalities from Muslim countries for an event dubbed as the ‘Davos’ of the Muslim world (mirroring the Annual World Economic Forum held in Davos).

The agenda--forge business collaboration and economic cooperation among Muslim nations and ‘unleash the economic potential of its emerging markets.’ Key action oriented outcomes were to support and promote a World Islamic

Businesswomen Network, form a young entrepreneurship support network, and take steps towards the formation of an Islamic Free Trade Area (IFTA).

Usually such events lead to no significant impact and result in mere declarations after days of speeches by bureaucrats and political leaders. However, what made this event a promising effort was its problem solving format led by proven people of action---i.e. some of the most influential new generation of business leaders of the Muslim world.

These included entrepreneurs who are leading global and regional enterprises such as:

- Mr. Farooq Kathwari, Chairman, Ethan Allen Interiors, USA
- Dr Naguib Sawiris, Chairman & CEO, ORASCOM Telecom, Egypt
- Mr. Safi Qureshey, President and CEO, Sky line Ventures, USA
- H.E. Mohamed Ali Alabbar, Chairman Emaar Group UAE
- Dr. Zeti Akhtar Aziz, Governer, Bank Negara Malaysia
- Mr Saadeddine Rafic Hariri, General Manager, Saudi Oger Ltd , Chairman, Oger Telecom
- Mr. Abdul Razak Daud, Chairman, Descon Pakistan
- Sir Anwar Pervez, Chairman, President and CEO, Best Way Group, United Kingdom
- Mr. Tanri Abeng, Chairman, Telkom Indonesia
- Dato' Dr Munir Majid, Chairman, Malaysia Airlines

H.E. Mohamed Ali Alabbar, Chairman Emaar Group UAE. at the panel discussion on Public-Private Partnership in Infrastructure Development

Mr. Farooq Kathwari, Chairman, Ethan Allen Interiors, USA and Ms. Hina Rabbani Khar, Minister of State for Economic Affairs, Pakistan, at one of the sessions.

- H.E. Sheikh Saleh Kamel, Chairman, Dallah Al Baraka Group
  President, Islamic Chamber of Commerce & Industry

- Mr. Arif Naqvi, CEO, Abraaj Capital Limited, UAE
- Mr. Salahuddin Kasem Khan, Chairman, Aktel, Bangladesh

Dr Naguib Sawiris, Chairman & CEO, ORASCOM Telecom, Egypt, on the panel 'Opportunities In Information, Telecommunications and Outsourcing.'
Image Source: www.pakistan.gov.pk/

The Forum also benefited from the spirited leadership of the Malaysian Prime Minister, Seri Abdullah Ahmad Badawi who is also the current Chairman of the OIC (Organization of Islamic Conference). Other leaders included host country Prime Minister, H.E Shaukat Aziz, as well as, H.E. Bob Hawke, Former, Prime Minister of Australia, and H.E. Chandrika Bandaranaike Kumaratunga, Former President, Sri lanka. They all helped frame a vision of prosperity and interaction for Muslim countries who are also positive members of the global community.

Some of the topics covered included promoting young entrepreneurs; promoting women business leadership; opportunities in IT, Telecom, Outsourcing, Infrastructure and Tourism; and the shifting global energy paradigm.

“ In the process of spiritual growth, we the Muslim ummah often forget that engagement in business ventures is in actual fact an excellent means to practice our faith."

Tun Musa Hitam, Chairman, World Islamic Economic Forum Foundation and Former Deputy Prime Minister of Malaysia

‘Private Sector the Primary Engine of Growth’

Tun Musa Hitam, Chairman, World Islamic Economic Forum Foundation and Former Deputy Prime Minister of Malaysia, in his introductory remarks said, “ In the process of spiritual growth, we the muslim

ummah often forget that engagement in business ventures is in actual fact an excellent means to practice our faith. Business and trade can be said to be one of the best means that countries can really be at peace with one another through the existence of intricate economic links that inevitably bind those societies together. Such is the enormous influence that economic cooperation and business partnerships wield."

The Forum in its working sessions and outcomes recognized the strong role of economic prosperity to the overall strengthening of the Muslims worldwide by acknowledging that:

- sustainable economic cooperation and strong business partnerships enhance mutual respect and international understanding,
- economic development, sustainable growth and wealth creation promote prosperity, social justice and peace,
- the private sector is the primary engine of growth,
- the World Islamic Economic Forum (WIEF) can contribute to the dialogue for the Muslim economic renaissance

Key Outcomes

The forum acknowledged that pragmatic and action-oriented program with effective implementation mechanisms will be the only way to have sustainable impact. Some of the action-oriented key outcomes were:

- Promotion of a World Islamic Businesswomen Network (WIBN) programs, achievements and specifically its plan to establish a Training Centre for Women Entrepreneurs which will equip them with relevant business competencies and skills.
- Support the development of a WIEF Young Muslim Leaders Forum and its proposed initiatives and recommend that it collaborates with other similar existing bodies,
- Accelerate regional and sub-regional cooperation leading to the establishment of an Islamic Free Trade Area (IFTA).
- Propose OIC countries to create a conducive environment for business, investments and economic growth through regular dialogues, consultations and smart partnerships with the private sector,
- Propose OIC countries to provide efficient framework to facilitate the movement of entrepreneurs, capital and trade flows within and between OIC countries,
- Promote and intensify Islamic Banking, Finance and Insurance,

Vision & Direction - Key Comments

Tun Musa Hitam, Chairman, World Islamic Economic Forum Foundation and Former Deputy Prime Minister of Malaysia:

> "The rationale behind the World Islamic Economic Forum (WIEF) is very simple: Muslims are important constituents of the world today due to their sheer size and predisposition towards peace, justice and prosperity. As such, there is an urgent need to transform the Muslim world into a viable and competent domain that is able to live up to that very predisposition."
> "Yet, in doing so, another logic comes into play. Namely that Muslims are part of the globalized world where every aspect of one's life, be it political, economic or cultural, is invariably interconnected to each other. As the logic goes, any effort in trying to consolidate Muslim competency while completely ignoring the existence of the non-muslim world, is an exercise in futility. As such, we need to capitalize on this reality as well."

Opening Keynote Address:"The Way Forward for Muslim Economic Renaissance"
H.E. Shaukat Aziz, Prime Minister of the Islamic Republic of Pakistan:

> "The Muslim world is rich in human capital as well as physical resources and has immense potential for growth, progress and prosperity. Counter-pointing the richness and diversity of our resource base is an economic performance which is not commensurate with our true potential. There is no doubt that some of the Muslim countries have made impressive progress."
> "However, a vast majority of Muslims live in poverty and backwardness. Nearly 39% of the world's Muslim population lives below the poverty line. We make up 19% of the world's population but only 6% of its income. Our share in global trade is barely 7 -8%, while only 13% of our total trade is amongst ourselves. No Muslim nation is among the group of developed industrialized countries."

Special Keynote Address:"Enhancing Global Competitiveness And Trade Among Muslim Countries"
H.E. Dato' Seri Abdullah Ahmad Badawi, Chairman of the OIC & Prime Minister of Malaysia:

> "Our shared mission is clear, which is to strengthen our economic cooperation in particular and enhance the well being of the Ummah in general. I do recognize the presence of non-muslims as well in this forum. We applaud their cooperative Spirit and welcome them as progressive human beings.
> "I therefore see a very clear role for the World Islamic Economic Forum. First, it should assist Muslim countries to cooperate with each other in international economic and development issues. Second, it can assist Muslim countries become competitive players in the wider world of international trade and investment. Muslim countries should exploit

> to the fullest their dual capacities, first as Islamic economic entities that operate in the niche market of halal products and services and second as regular units of the international economic system that compete in the global market-place."
> "The WIEF can help to pool ideas, including forging partnerships, and it can function to spread the message. For OIC countries, however, whether it is in the context of cooperating with each other or whether it is in the context of doing business with the rest of the world, the keyword remains the same, and that is they must be competitive and efficient producers of goods and Services."

Organizers

Hosted by the Government of Pakistan, the event was organised by the WIEF Foundation, and co-organised by ASLI in association with the Islamic Chamber of Commerce and Industry and the Islamic Centre for Development of Trade. The inaugural WIEF was held in Malaysia in October 2005 was attended by more than 600 participants. Next year, the Forum will return to Kuala Lumpur again.

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